*The Journal*
*of*

# SOCIAL AND POLITICAL STUDIES

Volume Three Number Four

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*The Journal of*

# SOCIAL and POLITICAL STUDIES

ROGER PEARSON, *General Editor*

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# MOZAMBIQUE ON THE ROAD TO MARXISM

By Edmund J. Gannon

Mozambique, the Texas-sized former Portuguese colony on Africa's Indian Ocean coast, has been struggling with economic and political difficulties since Samora Machel's FRELIMO forces seized power in 1975. The economic difficulties have largely stemmed from the loss of skilled industrial and agricultural managers following the expulsion of the Portuguese. The political difficulties are closely related to the government's Marxist propensities, specifically in stifling dissent and as a consequence of poor economic planning.

The years of warfare prior to independence — and more important, the departure of thousands of Portuguese — have left the Mozambican economy in disarray. Mozambique's energy supplies, insurance companies and various other enterprises have been taken over by the government and large agricultural estates have been broken up, with no farmer allowed to own more than four hectares of land.

Mozambique's major exports are agricultural products (cashews, cotton and sugar). The expropriation and exodus of Portuguese farmers has disrupted the production of these products and, as a result, foreign exchange earnings have severely declined. To make matters worse, the world price for sugar has dropped. Thus, Mozambique is earning even less foreign currency than would otherwise have been expected. However, according to a report of the American Embassy, Maputo:

> The Mozambique economy may have "bottomed out" during 1976 and early 1977. It will take years for agricultural and industrial production to regain pre-independence levels, but the decline in these sectors appears to have been arrested. Economic directives of the Third Frelimo Party Congress in February 1977 provide some structure and priorities to the Government's economic program, which emphasizes state-run enterprises. (1)

Mozambique does not have the great wealth of natural resources that so many other southern African countries do, although there is a moderate amount of coal:

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> In 1975, coal production reached 575,000 tons, according to official figures, a 35 percent increase over 1974. However, disasters interrupted mining at the Moatize mine in 1976 and again in 1977, when about 160 miners and nine expatriate technicians were killed in an explosion and subsequent riot by miners. Production of bauxite, lime, and granite and stone quarrying appear to have declined in 1975-76.
>
> Once back in operation, Moatize is expected to continue to increase coal output, with Japan and North Korea purchasing most of the production. (2)

The FRELIMO government has as its policy the establishment of a classic Marxist state. Ironically, to achieve this goal FRELIMO has shown considerable interest in working with international financial and industrial capitalist organizations in order to obtain financial assistance and technology:

> Since Mozambique signed a treaty of cooperation and friendship in April with its "natural ally," the Soviet Union, it has turned noticeably to the task of improving its ties with Western nations, especially the United States, which has already provided $23 million to $25 million in financial and food assistance.
>
> Frelimo is also reported to be seriously considering membership in such "suspect" Western institutions as the World Bank and the Common Market's Lome grouping, a move that would open the doors to massive Western economic assistance.
>
> Even private investment from American multinationals in partnership with the state is now part of government thinking about the way Mozambique should go about its development. (3)

Politically, FRELIMO appears to be taking Mozambique along the classical road of Marxist dictatorship. The subsistence farmers are being organized into communes and state farms, the latter comprising the estates of the former Portuguese settlers.

On a much more grim note, FRELIMO has introduced another staple of communist government, the concentration camp:

> Refugees arriving in Lisbon from Mozambique have claimed that up to 100,000 people are being held in

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detention camps throughout the country.

They say that men, women and children are made to undergo a "reeducation" programme involving forced labour in intolerable conditions. Beatings of those who refuse work and the rape of women prisoners are commonplace, they claim. Several cases of murder by guards have also been reported.

The escapees have now named more than 20 camps in various parts of the country. The biggest, according to their reports, contain up to 10,000 prisoners and include base Gugunhana and base central in the province of Niassa; Nhangau in Manifa; Centro Piloto in Cabo Delgado; and Milanje in Zambezia, where up to 10,000 Jehovah's Witnesses are said to be held.

The refugees say that arrest and internment follow automatically any act which suggests lack of enthusiasm or interest in Frelimo, such as failing to attend revolutionary classes at high school, unwillingness to enlist, or refusing to sleep with a Frelimo soldier. "There are many people in the camps who do not know why they are there," said one. (4)

There are a number of issues, both political and economic, of recent origin that detail the numerous problems facing Mozambique's government and people. They range from food production to armed insurrection.

**Relations with the Eastern Bloc**

As noted above, Mozambique signed a friendship and cooperation treaty with the Soviet Union shortly after independence from Portugal. In addition, Mozambique has arranged trade agreements with the Soviet Union and East Germany involving the import of military, industrial, and agricultural equipment in return for fish and agricultural products. This has been to the disadvantage of the Mozambicans.

By agreement with the Soviets, the latter has fishing rights in Mozambican waters. Under the agreeement, the Soviets retain 75 percent of the catch and transfer 25 percent to Mozambique . Unlike Spain, which pays $2.4 million in hard currency for the right to fish in Mozambican waters, the Soviets pay no royalties for fishing rights.

Other Soviet-bloc countries such as East Germany have

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> sold Mozambique much-needed trucks and farm machinery. They are paid in local agricultural produce, which is then sold to the West at inflated prices. In such deals, the Soviet block gets all the foreign currency involved in the transaction; Mozambique gets none. (5)

To make matters worse, much of the farm machinery received from Eastern Europe cannot operate well in Mozambique's warm, humid climate. Recent rains, for example, were so intense that much of the machinery bogged down and most of the harvesting had to be done in the traditional manner. In addition, the local schools had to be closed for a short time in order to make students available for the harvest.

Despite President Machel's public statements to the contrary, it appears that there is considerable dissatisfaction with Soviet and other Eastern Bloc assistance to and trade with Mozambique.

> Government figures show that Western Europe, South Africa and the United States buy 50.1% of Mozambique's total exports. The Soviet bloc countries buy only 3.8%.
>
> In fact, the Soviet bloc has provided its Marxist ally with what comes from the West. Sweden and Great Britain are the largest aid donors to Mozambique, and last November the Nordic countries signed an agreement giving Mozambique $50 million for developmental aid. (6)

Furthermore, much of the military equipment that Mozambique has received from the Eastern Bloc (primarily the Soviet Union) is obsolete (e.g., T-34 tanks) rather than the more modern defensive equipment that Machel expected (primarily air defense equipment). (7) The modern military equipment is wanted primarily to deter Rhodesian forces who presently enter Mozambique almost with impunity seeking base camps of terrorists operating against the Rhodesian government.

Perhaps also disconcerting to the Mozambican government have been Soviet efforts to profit from the Soviet-Mozambique relationship at the direct expense to the latter. For example,

> Last year, the Soviet Union's airline Aeroflot was caught in Maputo selling discount tickets in which Mozambique was deprived of millions of dollars in foreign currency. The government closed down the Aeroflot office permanently and expelled the airline's representative. (8)

Beyond the economic relations, the Soviets appear to be

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exercising a strategic interest in Mozambique. Soviet warships have called at Mozambican ports (although no permanent port facilities have been made available to the Russian Navy). In any event, port visiting privileges provide a significant assist to the Soviets in maintaining their Indian Ocean squadron. In addition, the Soviets can "show the flag" and broaden its influence in southern Africa.

Mozambique's dealings with the Soviet bloc to some extent have brought the former into the Sino-Soviet dispute.

> Mozambique's ties to the east have cost the support of China, the original supporter of the Front for the Liberation of Mozambique [FRELIMO]. China committed $64 million to local development at the time of independence but Western sources said not more than $5 million of that pledge has been received. (9)

**Relations with Southern Africa**

Mozambique's relationship with southern Africa has been mixed. While Mozambique-Rhodesian relations have remained tense, relations with South Africa (informal though they may be) are fairly cordial.

> Machel exacerbated an already sick economy in March 1977 when, after eight months' deliberation, he closed his border to white-ruled Rhodesia. That decision cost Mozambique as much as $100 million a year in lost transit fees and duties, according to a United Nations report, and ended a tourist industry valued at $20 million a year. Since the border closed, Mozambique's transport earnings have dropped 25% and tonnage handled at the port of Beira has fallen 70%. At the port of Maputo, activity is off 60%. (10)

While the decision to close the railroad may have satisfied some of the needs of revolutionary purity, it appears that the impact was more pronounced in Mozambique than in Rhodesia. Recently, an economically desperate Zambia announced that it would reopen road and rail links with Rhodesia. Also, the latter was always able to sustain ground communications with Atlantic and Indian Ocean ports through links with South Africa (expensive though they were).

Of perhaps more immediate importance, however, has been the vulnerability of Mozambique to Rhodesian attack. From

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time to time, Rhodesian units engaged in operations against the Zimbabwe African National Union (ZANU), Robert Mugabe's anti-Rhodesian terrorist group operating from bases in Mozambique, have penetrated Mozambican territory to attack ZANU military bases and to interdict ZANU operations. According to one estimate, Mozambique is losing upwards of $150 million per year because of the Rhodesian war. (11) This was one of the primary reasons that President Machel hoped to receive modern defensive weapons systems (as noted above) from the Soviet Union.

Relations with South Africa, however, are considerably different. While there are many obvious differences of opinion between Mozambique and South African government leaders, the fact remains that, short of a national insurrection in South Africa, Mozambique does not feel obliged to support any anti-government groups. Perhaps of more importance, however, is the economic relation between Mozambique and South Africa.

For many years, a major portion of the South African gold mine laborers have been miners imported for short periods from Mozambique. Until April 1977 they were paid in gold at the "government to government" rate which valued gold at under $50 per ounce. Returning Mozambican miners then purchased Mozambican escudos providing the government with a windfall. The latter "then sold the gold at the much higher market price, realizing a profit of it up to $100 million per year. For economic reasons, South Africa now pays Mozambique at the prevailing market prices." (12)

Within Mozambique, itself, South African businessmen are particularly well received.

> Machel has expressed interest in attracting Western foreign investment, but most diplomats here do not believe the climate is particularly favorable for such ventures.
>
> South African businessmen are given red-carpet welcomes despite the political differences between the two countries, and Western officials with aid money shuttle in and out of Mozambique. Expatriate tradesmen and technicians are being recruited under favorable financial terms enabling them to send half of their salaries out of the country. (13)

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### Relations with the United States

Mozambican-American relations have been almost entirely economic since that country's independence from Portugal. The two forms of economic relations have been trade and aid.

> The United States has confined its aid to Mozambique to a modest $20 million, mostly in emergency food shipments, since it gained independence in June 1975. Commercially, the economic links are more substantial. Mozambique's national airline flies a fleet of American Boeing jets and General Tire and Rubber Co. is honoring a pre-independence commitment and opening a $30 million factory here this year.
>
> The United States is also the largest importer of Mozambican goods — mostly cashews and nuts — after Portugal. (14)

President Machel has gone to considerable lengths to ameliorate the United States. He met with President Carter in New York in October 1977 to encourage American investment in Mozambique. Likewise, he met with American businesmen to discuss new investment; this appears to have born no fruit to date.

There are legislative restrictions on American aid to Mozambique. The International Security Assistance Act of 1977 provides that "None of the funds appropriated or made available pursuant to this act shall be obligated or expended to finance directly any assistance to Mozambique or Angola." (15) The same Act, however, makes available $45 million for fiscal year 1978 "for regional programs for education, training, and refugee assistance for persons displaced by war and internal strife in southern Africa." (16)

The Carter Administration has contended that the second provision permits assistance to displaced persons in Mozambique, especially refugees from Rhodesia. In a colloquy between Congressman Long, chairman of the subcommittee on Foreign Operations (Appropriations Committee) and Assistant Secretary of State Moose, the following developed:

> Mr. LONG. This language does not say "Government of Mozambique or Angola." It says Mozambique as a country. It seems to me that is pretty categorical, and you have provided an exigency which somehow would get around it, but I am wondering if that wouldn't be regarded

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as a disingenous circumvention.

Mr. MOOSE. Right. I believe that there is really an adequate answer for that, Mr. Chairman, because the Congress in its wisdom, said what it did in section 114. I agree with you we interpret that to mean the Government or possibly by extension people who are Mozambicans, or in the other case Angolans, and then in a more specific direction the act elsewhere directs us to aid these refugee individuals.

Now by the very nature of "refugee individuals" one may not know exactly where they may be. By definition they are not going to be where they came from. They are going to be somewhere else. So it seems to me that the law makes it clear that we can follow those refugees where they are and provide this assistance to them. (17)

The International Security Assistance Act of 1978 appropriated $10 million for Refugee relief for persons "in or from Rhodesia." (18) This would appear to permit direct U.S. assistance to such persons in Mozambique without contravening strictures on assistance to Mozambique directly. Whether the Administration shall interpret the legislation in those precise terms remain to be seen.

**Internal Developments**

Despite efforts to improve and expand the spectrum of Mozambique's international relations, the country remains internally a grim, dictatorial, Marxist state.

The economic situation has drifted from bad to worse. Indeed, the worsening situation has probably been a major incentive to the government to expand its relations with the western democracies.

The crisis is partly a hangover from colonial days under the Portuguese and partly a result of policies adopted since independence. But whatever its cause, Mozambique is living from hand to mouth.

Here in Beira, once a playground for vacationing Rhodesians and the main port for Rhodesian trade, shops and luxury apartments stand empty.

Some service stations are closed and almost no traffic moves from the city, which has 100,000 people.

The Grande Hotel has been turned into headquarters

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for the ruling Frelimo Party and footsteps are heard only occasionally in the 100-room Dom Carlos Hotel.

Long bread lines start forming before dawn at the bakeries, as they do in other Mozambican cities.

There are shortages of sugar and meat and dairy products. Shelves in the stores are mostly empty.

There are no taxis and travelers arriving at the international airport have to hitchhike into Maputo.

Against this bleak background, President Samora Machel has been forced to move much more timidly economically than he has ideologically. (19)

This, of course, represents only a small portion of the economic problem. Mozambique will probably end up with a trade deficit of over $350 million in 1978. Furthermore, it is doubtful that internal production can come anywhere near that figure in internal production to account for the differential. The difference will either be made up in foreign aid (very doubtful), further concessions to the eastern bloc (there are very few assets left to be conceded), or increase in the country's debt (extremely likely). This, of course, has ramifications for Mozambique's foreign policy. It is generally conceded that President Machel has tried to put some political distance between Mozambique and the Soviet Union.

"I believe Mozambique is genuine in its stated desire to remain nonaligned," one Western diplomat said. "But for a poor, backward, ideologically committed country, that's easier said than done. Mozambique is hardly in Russia's pocket at this point, but what happens if Moscow decides to call in its debts?" (20)

Despite claims that the new government enjoys the support of all the populace there is evidence of anti-government activity.

Opposition to Machel is centered primarily in South Africa and Portugal, but appears to offer no threat to his regime. A movement known as the Mozambique National Resistance Army claims to be operating in northwest Mozambique. It has said, through its South African spokesman, that it has killed 25 government soldiers during periodic skirmishes. There is no independent verification of the claim.

Machel supports virtually every liberation movement known to man except the resistance army in his own

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country. (21)

In addition, the government, as noted above, still considers it necessary to incarcerate many thousands of individuals, either professed enemies of the state, its doctrine, or simply victims of misfortune.

Perhaps the grimmest consideration, however, is not the shortage of food and other consumer goods. It may not even be the absence of democracy — after all, most African nations can hardly be called democratic. Rather, it is Samora Machel's goal to create a socialist society in which there shall be no alternative to the government, to replace the traditional Mozambican society by a Leninist society comprised of Leninist men and women. He appears to believe that it is within his power to reshape the Mozambican population into a Marxist image — a concept that flies in the face of African (as well as Western) tradition reaching back into human antiquity. The high possibility of his failure in this endeavor will be small consolation to the Mozambican population which will undoubtedly suffer from its attempted implementation.

## FOOTNOTES

(1) U.S., Department of State/American Embassy, Maputo, *Economic Trends Report for Mozambique* (January 1978), p. 4.

(2) *Ibid.*, p. 10.

(3) David Ottaway, "Realism Leavens Mozambique's Drive for Marxist State," *The Washington Post*, (January 2, 1978), p. A12.

(4) Robert McCloughin, "Machel's 'terror camps'," *The Manchester Guardian Weekly* (April 10, 1977), p. 9.

(5) David Lamb, "Mozambique Is Zealously Marxist but No Soviet Satellite," *The Washington Post* (August 19, 1978), p. A9.

(6) David Lamb, "Mozambique Resists Role of Satellite to Soviet Union," *Los Angeles Times* (July 28, 1978), p. 25.

(7) In fairness, it should be noted that the operation and maintenance of extremely sophisticated air defense systems (*e.g.*, ZSU-37 radar controlled guns) it probably beyond the capabilities of the Mozambican armed forces. Effective operation of such equipment would probably require Soviet or other Eastern European (or Cuban) advisors, possibly a course of action that Machel does not wish to adopt.

(8) David Lamb, "Mozambique Is Zealously Marxist but No Soviet Satellite," p. A9.

(9) *Ibid.*

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(10) David Lamb, "Mozambique Bleak With Economic Desperation," *Los Angeles Times* (August 7, 1978), p. 11.
(11) Carl T. Rowan, "Blindness on Mozambique," *The Washington Star* (July 26, 1978), p. A17.
(12) David Lamb, "Mozambique Bleak With Economic Desperation," p. 12.
(13) *Ibid.*, p. 11.
(14) David Lamb, "Mozambique Is Zealously Marxist but No Soviet Statellite," p. A9.
(15) Public Law 95-148, Section 113.
(16) U.S. Congress, House, Committee on Appropriations, 95th Congress, 2nd Session, *Foreign Assistance and Related Agencies Appropriations for 1979* (Washington, D.C.: U.S. Government Printing Office, 1978), p. 9.
(17) *Ibid.*, p. 10.
(18) Public Law 95-384.
(19) David Lamb, "Mozambique Bleak With Economic Desperation," p. 11.
(20) David Lamb, "Mozambique Resists Role of Satellite to Soviet Union," p. 24.
(21) David Lamb, "Revolution Is All for Mozambique Chief," *Los Angeles Times* (July 7, 1978), p. 9.

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# A MODERN ECOLOGICAL-EVOLUTIONARY APPROACH

## INTRODUCTION TO ANTHROPOLOGY

By Roger Pearson

This general introductory text surveys all the major areas of anthropological inquiry: paleontology, physical anthropology, primatology, archeology, ethnology, and general cultural anthropology.

The story of man is revealed as the product first of biological then of social and cultural responses to ecological influences from the earliest beginnings of life through the growth of civilization, up to the interconnected urban world of today.

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This elaborately produced two-color book contains more than 200 photographs as well as 64 maps and charts, all of which clarify and enhance the text.

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Glossary

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# SOCIALISM AND HOUSING: THE BRITISH EXPERIENCE

By Stuart Butler

Government intervention in the British economy has traditionally been far more extensive than in the United States. The reasons for this are numerous and complex, but one of the most important has been the desire of successive governments to rectify various "deficiencies" in the workings of the free economy. This view of the role of government lay behind the pressure to create the Welfare State and its attendant National Health Service after the Second World War. It was the same belief that certain aspects of society were too important to be left to the "jungle" of the market-place which led to state intervention in the housing market during the last century. Ironically, as this paper will show, the result of that intervention has been a worsening of the problems of shortages and squalid conditions that intervention was designed to remedy.

Government intervention in housing has taken several forms, e.g., rent control, the provision of state-owned housing, the nationalization of certain building land , and the laying down of building standards. This paper will concentrate on the two most important aspects of government intervention – and the two which also have the most important lessons for the American observer – namely, rent control and government-owned housing.

## The History of Council Housing in Britain

*a) 1890-1939*

Attempts by government to improve the operation of the housing market stem from the nineteenth century. The 1890 Housing of the Working Class Act sought to improve the conditions of those living in the worst housing conditions by empowering local (i.e., county and city) councils to purchase land under compulsory order and to erect "working-class dwellings" of a specified basic standard. The Act was strengthened in 1909 by the Housing. Town Planning etc. Act, which obliged councils to provide such housing, and to rent it at not more than a certain fee.

Government intervention increased sharply after the First World War in an attempt to reduce the housing shortage result-

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ing from the wartime reallocation of building resources, and to provide a society which was "fit for heroes." The 1919 Housing, Town Planning Act (known as the Addison Act) tightened the requirement on local councils to provide inexpensive housing, and the central government agreed to assist the councils to meet the cost involved. This Act marked the beginning of a policy of massive state intervention in the housing market. As one economist has noted:

> The Act of 1890 had made it possible to open the door to the introduction of state provision of houses, and state responsibility for housing conditions. In 1919 the door was kicked wide open. (1)

Measures followed to extend state involvement. Housing Acts in 1930 and 1935 gave further powers and obligations to local councils; and in the twenty years between the Act of 1919 and the outbreak of the Second World War, approximately one million state-owned council houses were constructed.

*b) Since 1939*

The Second World War led to a severe housing shortage. Labor and materials had been diverted to other uses and wartime bombing had reduced the housing stock in Britain's major cities. Such house-building as did take place immediately after the war was carried out by local councils; severe licensing prevented virtually any private building until 1953.

There was little opposition to the channelling of effort into state-owned housing. It was felt by many, including a large number of conservative politicians, that the chronic post-war housing shortage necessitated action by the state. Furthermore, the war had accustomed the British people to rationing and state provision as a means of allocation — instead of the price mechanism.

Table I illustrates the extent of council building after the war. After the immediate post-war years, conservative opposition to state housing did increase, and it is noticeable that during conservative administrations (1951-1964, 1970-1974) the pace of council housing lessened. Nevertheless, council housing has continued even under conservative governments, and now the state sector accounts for almost one-third of the entire housing stock in Britain. In 1975 there were over

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Table I

Houses Built for Local Authorities: England and Wales
(thousands)

| | | | | |
|---|---|---|---|---|
| 1945-47 | 222 | (a) | 1962 | 99 |
| 1948 | 182 | (b) | 1963 | 93 |
| 1949 | 142 | | 1964 | 115 |
| 1950 | 139 | | 1965 | 128 |
| 1951 | 139 | | 1966 | 138 |
| 1952 | 160 | | 1967 | 152 |
| 1953 | 195 | | 1968 | 141 |
| 1954 | 190 | | 1969 | 133 |
| 1955 | 153 | | 1970 | 125 |
| 1956 | 130 | | 1971 | 108 |
| 1957 | 127 | | 1972 | 86 |
| 1958 | 106 | | 1973 | 72 |
| 1959 | 93 | | 1974 | 89 |
| 1960 | 96 | | 1975 | 111 |
| 1961 | 87 | | 1976 | 112 |

Notes:

(a) Includes 114,000 temporary dwellings ('pre-fabs').
(b) Includes 11,000 temporary dwellings.

Source: Department of the Environment.

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six million houses under state control, and such houses accounted for half the annual level of construction. (2)

## The History of Rent Control and Security of Tenure

*a) 1915-1939*

The second major method of government intervention in the housing market has been by the control of rents, and by the accompanying policy of strengthening security of tenure. In an attempt to prevent short-term "profiteering" during the First World War, the 1915 Rent and Mortgage Restriction Acts froze rents on most unfurnished dwellings at their level on the day war was declared. This was intended to be a short-term measure; but, of course, by holding the price below the market level the effect was simply to make a mild housing shortage acute, as supply stagnated and demand rose. Unfortunately, the worse the shortage became the more difficult it also became for politicians to decontrol rents, since market rents would have to rise ever higher above the controlled rent to correct the imbalance between supply and demand. Thus, the "temporary" provision of 1915 became merely the first of a succession of rent control measures; controls still have force in practically the entire private rental market in Britain.

Between 1915 and 1939 controls became both more complicated and more extensive. Acts passed in 1920 and 1939 allowed rents frozen at 1914 levels to be increased by 40 percent (in line with inflation during the intervening years). In certain segments of the market, dwellings which had become vacant were decontrolled, but just before the Second World War these properties were again brought under control and rents were pegged at their 1939 market values. Thus, by the Second World War, some houses in Britain had their rents controlled on the basis of adjusted 1914 values,while others were controlled at their 1939 values.

An important effect of rent control which could be clearly seen during the 1930's was a decline in investment in private housing for rent, and a switch to owner-occupation. Rent control necessarily meant that rental property became less attractive as an investment when compared with a building for sale. Not surprisingly, the result was that the stock of private rented housing in Britain fell between the wars. Figures for England and Wales for 1914-1938 indicate that 900,000

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new buildings for rent during the period were outweighed by the loss of 300,000 rented units which were demolished or put to other uses, and 1,100,000 units which were sold to owner occupiers. The net effect of the policy of control during the period was to reduce the stock of private rented dwellings in England and Wales from 7,100,000 in 1914 to 6,600,000 in 1938. (3)

*b) 1939-1974*

By the outbreak of the Second World War rent control had become a fundamental part of British housing policy, and was effectively economic orthodoxy. Although the housing market continued to stagnate and shortages of rented property increased, the public acceptance of war-time controls, and the belief that skyrocketing rents and profiteering would accompany decontrol, made even political opponents of the policy hesitate to reverse it.

Some piecemeal changes were brought about by the 1957 Rent Act, a Conservative measure which decontrolled the rents on all dwellings with rental values above £40 in London and £30 elsewhere (just under 400,000 out of a total of 4,200,000 unfurnished dwellings were affected by the Act). (4) The Act also allowed for the "decontrol by movement" of privately rented dwellings below these limits (i.e. the rents could be adjusted to market levels when the sitting tenant left). (5)

It was hoped that the Act would remove the housing shortage over a number of years, and alleviate the side-effects of rent control such as the decline in the state of repair of rented property. The deterioration of property had been particularly acute after the war. The government's White Paper of 1953, for example, estimated that of 7 1/4 million houses rented from private landlords, 2 1/4 million were over 100 years old, and a further 2 1/2 million were over 65 years old. (6) Most of these properties were controlled at their 1939 rents, and many were still being held at the 1914 level plus the 40 percent addition allowed in 1920. Yet repair costs had risen by 300 percent between 1939 and 1953 alone! (7) Many landlords had to forego any return on capital whatsoever, and devote all the rent to maintenance (and often a sum in addition to the rent).

There had been no improvement in the housing shortage in the period between 1939 and the 1957 Act – indeed the situa-

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tion had become worse. Between 1938 and 1960 the decline in the private rented sector was even more rapid than before the Second World War, due mainly to the increasingly uneconomic rents which were enforced. New building and conversions amounted to only 100,000 units during the period (compared with 900,000 between 1914 and 1938), and no fewer than 2,100,000 units were removed from the rental market. (8)

The effects of the 1957 Act serve as a lesson in demonstrating the difficulties involved in effecting a gradual reversal of a policy which has led to major distortions in the supply and allocation of a resource. In the first place, the decontrol of more expensive accommodations simply resulted in many landlords switching from the provision of cheaper, high-density housing to luxury, low-density housing (although, under the Act, landlords could charge market rents upon vacant possession, they sought to convert to luxury accomodation in order to avoid any chance of being controlled in the future, if the policy of decontrol on less-expensive properties were reversed). Leases were terminated and houses were reallocated to high-income tenants. This not only resulted in the same housing now accommodating fewer people, but also it was the lower-income families who now found it extremely difficult to obtain housing -- a bitter irony when one remembers that the original purpose of rent control was to insure a supply of inexpensive housing for the poor.

Another consequence of gradual decontrol was the bitterness that it generated between landlord and tenant. Since housing could only be rented at market rents when it fell vacant, it was hardly surprising that many landlords put enormous pressure on their tenants to persuade them to leave before their lease expired. Violence and intimidation became commonplace. In one particularly notorious case, one landlord named Rachman went so far as to employ a gang of criminals to threaten and attack tenants who did not wish to terminate their leases. Such was the extent of these tactics that the word "rachmanism" has passed into the English language. The term describes the tactics of the period. Sadly, the word is frequently used to suggest that these are the methods of today's typical landlord.

The response to the effects of the 1957 Act was predictable. If decontrol had led to such terrible things, it was argued, then

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surely more controls were necessary – not fewer. And if tenants were being hounded out of their home, then they must have stronger security of tenure! An Englishman was not only to have his castle, but it must be made impregnable against the landlord. Elementary laws of economics were ignored as pressure mounted to tighten controls and improve the tenant's security.

*c) The Present Legal Position*

Current law regarding rent control and security of tenure is the culmination of a number of Acts between 1961 and 1975 (passed in the main by Labor governments). Increased power has been given to local councils to compel landlords to carry out certain repairs and to make improvements – even when the cost of annual repairs exceeds the controlled rent. Far more extensive security of tenure has been introduced, together with a highly complex system of so-called "fair" rents. Rent Officers and Rent Assessment Committees have been appointed by the state to calculate the "fair" rents (a number of criteria are involved, bearing little relation to market forces). Under these provisions, a tenant is perfectly entitled to sign a lease and move into a property, and then appeal to a rent officer to have the rent reduced. The landlord, who may not have wished to offer the property for rent at the "fair" rent, is thus trapped into reducing the price after the deal has been closed. The following extracts from a Department of Environment handbook, entitled *Regulated Tenancies – Your Rights and Responsibilities* (H.M.S.O., London, 1976), gives some indication of the protection enjoyed by a tenant.

2. What does protection mean?
The tenant has security of tenure even when his tenancy expires and need not leave his home unless the court grants an order of possession against him. The circumstances in which the court can grant such an order are limited.

3. What is a protected tenancy?
It is a contractual tenancy to which the Rent Acts apply and these provide for security of tenure and a system for the registration of rents by Rent Officers.

4. Does it make any difference whether the dwelling is furnished or unfurnished?
No. From 14 August 1974 the protection of the Rent

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Acts was extended to furnished tenancies if the landlord does not live in the same house (see booklets *Rooms to Let* and *FRI*).

5. The lease is for a fixed period of six months. Can the landlord make the tenant leave at the end of it?

No. When the lease or contract expires, the protected tenant can continue in occupation as a *statutory* tenant under the Rent Acts. (See question 7.)

6. If the landlord serves a notice to quit, does the tenant have to leave?

Not necessarily. A notice to quit brings to an end the lease or contract which created the tenancy but the protected tenant can continue in occupation as a *statutory* tenant under the Rent Acts. (See question 7.)

7. What is a statutory tenancy?

This is a tenancy which exists as a result of statutory protection under the Rent Acts instead of by contract. It comes into being when a protected contractual tenancy either is ended by notice to quit or, if it is a fixed-term protected tenancy, expires and the tenant continues in occupation. It can also come into being when the landlord serves a notice of increase in order to obtain a rent increase to which he is entitled under the Rent Acts. A statutory tenancy lasts as long as the tenant continues to live there and can be passed on to a statutory successor. (See questions 10 and 11.)

10. If the tenant dies, do his family have to leave?

No. A regulated tenancy gives security of tenure not only for the lifetime of the original tenant but also for the lifetime of his *statutory* successor ("the first successor") and also for the lifetime of the latter's successor (the "second successor").

11. Who can be a statutory successor?

A successor must be either the widow of the person she succeeds or, if there is no widow, a member of the tenant's family who had been living with the tenant for at least six months.

The effect of recent legislation, as the questions and answers show, is that a tenant can not only remain virtually immune from eviction during his own lifetime, but his family can enjoy the same controlled rents for the next two generations!

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## The Results of Rent Control and Excessive Security of Tenure

### *a) Decline in the Stock of Rented Accommodation*

As with any product where the price is artificially fixed below market levels, while costs increase, rent control has brought about a serious decline in the availability of private rented housing. The median rent of unfurnished private dwellings in Britain during 1973 was £76 per year, and in the lowest 10 percent of the market averaged £24 per year. (9) In other words, $10 per month was a common rent at the time. The costs to a landlord are, of course, many and varied – taxes, repairs, insurance and so on. But let us take only one cost – repairs. About 3/4 of all private rented dwellings were built before 1914. Of these, some 56 percent were in need of over £500 worth of repairs in 1976. (10) Given that rents on such older houses tend to be lower than the average, one can begin to appreciate why the rental market in Britain is collapsing.

About one fifth of the stock of dwellings rented from private landlords at the end of 1960 had been demolished or closed down by the end of 1975, and the total stock fell from 4.6 million to 2.9 million (compared with 7.1 million in 1914). (11) If one visits any British city one can see the results of this catastrophe: basically sound houses left empty and slowly becoming uninhabitable, simply because it is against the law to charge sufficient rent to cover the cost of housing a tenant.

### *b) Urban Decay*

An immediate consequence of the decline of the private sector has been urban decay resulting from the neglect of uneconomic property. Privately-rented houses are invariably kept in a lower state of repair than their equivalent houses under owner-occupation (only 35 percent of pre-1914 owner-occupied houses were in need of over £500 worth of repairs, compared with the 56 percent of private rented dwellings noted above). (12) The result has been the decline of whole districts of Britain's cities, and the rise of illegal occupation, vandalism, and other crimes.

The social consequences of rent control in Liverpool were well expressed in a recent letter to *The Times*:

> It is no wonder that inner Liverpool has decayed after half a century of rent control and the consequent half

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century of disrepair; it was predicted by economists half a century ago. It is no wonder there is now a "desperate shortage" of accommodation; no wonder that landlords cut their losses by bricking up their properties in the hope of better times; no wonder that once fine properties have been demolished, to be replaced by barren estates of unspeakably mean dwellings worthy of refugee camps.

In Dublin the position is radically different; majestic Georgian properties are tenanted, with no problem of urban decay. The reason? No legislation similar to our Rent Acts has been passed. The same is true of Belgium, where there is no shortage of accommodation, despite its being the most densely populated country in Europe.

If the Rent Act were repealed tomorrow there would be "To Let" signs in every road. (13)

Professor Assar Lindbeck once remarked that "rent control appears to be the most efficient technique presently known to destroy a city – except for bombing." The cynic might say that at least bombing will reduce the demand as well as the supply!

*c) Maldistribution by Size*

Rent control removes the price mechanism which is essential to the efficient distribution of housing by size and facility. Similarly excessive security of tenure reduces the willingness of house owners to rent space, even when a controlled rent could cover costs. Hence, the owner-occupier of a large house is discouraged from converting it into apartments or renting individual rooms, and the tenant in a large rent-controlled house has little price incentive to take in others to share the cost.

*d) Immobility*

Rent Act control and security of tenure reduce the mobility of labor. A tenant in a rent-controlled dwelling is being subsidized by the landlord. Hence he becomes accustomed to spending a lower proportion of his income on housing than he would in a free market. Since landlords tend to take controlled property off the market when it falls vacant, the tenant will find it very difficult to obtain an equally advantageous lease elsewhere; he is thus disinclined to move – even to a higher paid job. The same effect results from security of

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tenure, which also favors the tenant at the expense of the landlord. Again, the tenant is discouraged from moving, since it will be unlikely that he will be offered a similar lease elsewhere.

*e) Injustice*

A stated purpose of rent control is to give poorer people the opportunity of obtaining reasonably-priced accommodation, and to remove injustices in the housing market. The irony of rent control is that it results in achieving precisely the opposite side effect. The shortage of housing resulting from controls selectively hits the low-income family. Very expensive housing is uncontrolled and freely available; but, of course, the poor cannot afford it. More affluent people can also obtain controlled properties by coming to an arrangement with the landlord; "key money" or some other form of substantial payment (i. e. bribe) can be made to supplement the legally enforced rent, so that the landlord obtains, in practice, something approaching the market rent. Again the poorer families cannot match such payments.

Controls also tend to hurt the poorer more than the affluent landlord. A growing proportion of landlords are private individuals, rather than companies.

As table II shows, 52.8 percent of landlords owning unfurnished dwellings in 1975 (and 75 percent in the case of furnished accommodation) were individuals. In both cases the proportion is higher than in 1971. This is not because private individuals are now finding the rental business attractive. Far from it! The reason is that the whole market is shrinking, but individuals cannot escape as easily as companies. The individual landlord is often a retired person, or someone who bought a house many years ago hoping to obtain a modest income (but who now finds himself subsidizing a tenant who is often more affluent than himself). A property company has the resources and legal skill to find ways of breaking uneconomic leases – the individual rarely has.

*f) The Growth of the "Anticapitalist" Mentality*

A particularly disturbing effect of the Rent Acts in Britain has been the animosity that has developed between landlord and tenant, and the image that has been given to the workings of the private enterprise system. Those on the left of the

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Table II

Tenants Classified by Landlord (England and Wales 1971 and 1975)
(percentages)

| | Renting Unfurnished | | Renting Furnished | |
|---|---|---|---|---|
| | 1971 | 1975 | 1971 | 1975 |
| Property company | 12.5 | 10.8 | 5 | 6 |
| Other organization (*) | 19.5 | 11.0 | 12 | 2 |
| Employer (t) | 9.1 | 14.8 | 4 | 12 |
| Relative | 7.6 | 10.6 | 11 | 5 |
| Other individual | 51.3 | 52.8 | 67 | 75 |
| Total | 100.0 | 100.0 | 100 | 100 |
| (Sample numbers) | (1,705) | (1,288) | (361) | (374) |

Notes:
(*) Excluding housing associations.
(t) Excluding accommodation occupied by virtue of employment.
Source: General Household Survey.

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political spectrum have used the shortages, lack of repair, etc., as examples of the failure of private enterprise; and the landlord, rarely a popular person in any society, has been put forward as typical of the unacceptable face of "capitalism."

The animosity has been intensified by the legal complexities of the Rent Acts, which have attracted activist lawyers eager to use the law as a stick with which to beat the system they despise. This has also been encouraged by legislation giving free legal aid to those with low incomes (although landlords rarely seem to qualify). This has meant that there is little to inhibit cases being brought against landlords for the most trivial or questionable breaches of the Acts, and the landlord often finds it better to make a public confession of his wrongdoing rather than fight the case, and risk enormous legal bills.

## The Results of Council Housing

### *a) The Burden on the Taxpayer*

The provision of subsidized council housing has led to a heavy burden on the British taxpayer. An examination of the financing of such housing illustrates why.

Table III shows the average rents charged for council housing in England and Wales. It can be seen that a new, three-bedroom house can be obtained for as little as £6.27 per week, for a property costing upwards of £12,000 to construct.

Table IV gives the income and expenditure breakdown for council housing in a typical London borough. As the table shows, the rent charged on council property amounted to only a small fraction of the costs, and that fraction has been declining. The bulk of costs is met from general taxation, and from local property taxes.

The cumulative cost of subsidies to council housing is a heavy burden on the taxpayer. In 1975, for example, local and central governments spent over £4 billion on the provision of housing (accounting for 7.9 percent of public expenditure: the spending for the same year was less than £6 billion – 10.8 percent of the total). (14)

It is difficult to justify this subsidy by the taxpayer to the council tenant on the basis of income equalization. Although few very rich people live in council houses, they are often occupied by skilled workers earning well above the average wage (59 percent of council tenants in 1974 were from skilled

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Table III

Average Rents by Type, Age, and Size of Dwelling at April 1976: England and Wales (£ a week)

| | Dwellings Built Before 1945 | Dwellings Built 1945-64 | Dwellings Built Since 1964 | Dwellings Completed 1975/76 |
|---|---|---|---|---|
| Houses | | | | |
| 2 Bedrooms | 3.93 | 4.56 | 5.15 | 5.61 |
| 3 Bedrooms | 4.34 | 5.04 | 5.74 | 6.27 |
| Bungalows | | | | |
| 1 Bedroom | 3.04 | 3.62 | 4.10 | 4.35 |
| 2 Bedrooms | 3.18 | 3.97 | 4.68 | 5.09 |
| Flats | | | | |
| 1 Bedroom | 3.36 | 4.05 | 4.47 | 4.68 |
| 2 Bedrooms | 4.30 | 4.90 | 5.37 | 5.87 |
| 3 Bedrooms | 4.65 | 5.62 | 6.19 | 7.87 |

Source: CIPFA, Housing Statistics 1976 Part I (rents of dwellings completed in 1975/76 unpublished).

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Table IV

Expenditure and Income per Dwelling in £s per week
(London Borough of Haringay)

| Expenditure | 1972/3 | 1974/5 | 1976/7 |
|---|---|---|---|
| Repairs, Maintenance etc. | 1.62 | 2.71 | 3.56 |
| Interest and Repayment of debt. | 4.96 | 8.40 | 12.18 |
| Total Expenditure | 6.58 | 11.10 | 15.74 |
| **Income** | | | |
| Rents | 3.75 | 3.96 | 5.64 |
| Government subsidy | 2.48 | 5.46 | 8.13 |
| Other Income | 0.19 | 0.29 | 0.33 |
| Contribution from local Property Taxes | 0.16 | 1.39 | 2.90 |
| Total income | 6.58 | 11.10 | 15.74 |

Source: London Borough of Haringay, Internal Report Prepared by the Borough Housing Officer and Circulated to Tenants' Associations and Council Members (unpublished, 1977).

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or managerial classes), and the income profile of council tenants is only a little below that of house owners. (15)

*b) Competitive Effects on the Private Sector*

Subsidized council housing accelerates the decline in the supply of private housing for rent. By charging rents well below market levels, and by financing much of the difference from property taxes, the government makes it extremely difficult for private landlords to compete. Even without the crippling effects of rent control, the provision of council housing would lead to a contraction in the supply from private sources (the economic effect of council housing is very similar to the international effects of "dumping").

*c) The Social Consequences of Allocation*

As with the provision of any good or service at a price held below market levels, there is a "shortage" of council housing. Thus some method of allocation other than price has to be employed as a means of rationing. Methods do vary from one area to another in Britain, but the principle involved in virtually all areas is some variation of the "points" system.

In this system, those wishing a council house are placed on a waiting list. The position they occupy on that list depends on a number of criteria for which points are awarded, e.g. length of residence in the area, present housing conditions, size of family, etc. . . . In the final analysis, however, the choice between people on the list, when housing becomes available, is a decision made by a bureaucrat.

The social consequences of this form of rationing are very disturbing. The possibilities for corruption and favoritism are obvious, but the less apparent effects are even more damaging.

If one reaches the top of the waiting list by accumulating points for one's poor housing, large family, etc., it follows that there is an inducement to worsen one's circumstances in order to move up the list. Many families are living in overcrowded conditions simply because they would lose points if they moved into better accommodation (with a relative, say). Similarly, heads of households will often remain unemployed, or in a low-paid job, in order to keep their income low.

The points system also encourages immorality and a poor attitude towards family planning. Most councils give accom-

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modation to unmarried mothers before childless couples, on the basis of need. But it is now common for a couple contemplating marriage to have a child out of wedlock, so that the mother can obtain housing. After a house has been allotted to the mother, the couple will live together rather than marry and run the risk of eviction.

*d) Mobility*

Council housing inhibits the mobility of the work force in a manner similar to that due to rent control. Since there is shortage of such housing, tenants are discouraged from moving elsewhere when they have reached the top of the local housing list and obtained accommodation. This has led to surpluses and shortages in the supply of certain types of labor skills within even small areas of the country because people will not move.

Most councils do operate council house exchange bureaus in an attempt to facilitate exchanges across council boundaries. The theory behind such services is that a family who wishes to move from, say, Glasgow to London can have their needs matched with those of another family wishing to leave London for Glasgow. Unfortunately, this is easier in theory than in practice. In the first place, it is extremely difficult to find two families with precisely the right combination of needs to arrange a successful exchange. As one writer has put it:

> If a council tenant wants to move from A to B he will be able to do so if another family wants to move from B to A, and only then if the home each occupies is suitable for the other. Like hungry barbers looking desperately for bakers in need of haircuts, they must await their opportunity. (16)

The second reason is that the time and bureaucracy involved in making such an exchange invariably means that the chances of completing the exchange before a job offer disappears are rather small.

*e) Political Influences*

Council housing has led to serious sectionalism in Britain, with one segment of society living at the expense of another. As the notion of state housing has gained acceptance, the efficacy of the policy has been less and less a matter of debate. Tenants in council houses are discouraged from thinking of

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themselves as people being aided by the taxpayer. Instead, the idea of a right to a council house is now prevalent, together with the concept that housing should be a national service provided by the government. People opposing the state's intervention in housing can thus be roundly condemned as wishing to dismantle the "rights" enshrined in the Welfare State — even of attempting to deny a basic human right. Hence the occupants of council houses do not merely constitute a self-interest lobby dedicated to their own advancement, but also a lobby with a self-righteous sense of purpose. Such is the attachment to these arrogated rights felt by council tenants and their supporters that when the last Conservative government passed legislation designed to raise council rents to a more economic level, (17) socialist councils not only denounced it as inhuman but some even refused to enact the law! (18)

Government control of large sections of housing has also opened the way to various forms of subtle social engineering. Thus, there has been considerable unhappiness, but without remedy, as a result of alleged preferences being given to immigrant families in the allocation of government housing as a measure designed to promote racial assimilation.

Council housing can also play a key role in electoral politics. As the policy of council housing is generally opposed by Conservative politicians, tenants in council houses tend to vote socialist. A socialist-controlled council can use this to its advantage by siting new council houses in marginal Conservative districts — hoping to tip the vote to their own candidate. Council house estates can involve the building of many hundred houses in one district, and so this interest group can be decisive in many elections. It is, in essence, a sophisticated form of gerry-mandering, except that people and houses are moved and not boundaries.

## Conclusion

The lessons that we can learn from Britain's experience with government intervention in the housing market are simple and clear; they would come as no surprise to most freshman economics students. If one holds the price of any commodity below the market level, a shortage will inevitably ensue. Similarly, if one tries to force a person to provide an un-

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economic service without his being able to refuse to serve a customer (as in the case of security of tenure), he will remove the service from the market as soon as he can. Such laws of economics, like the law of gravity, cannot be suspended by a vote of the British House of Commons.

Unfortunately, as the experience of Britain shows, a policy which is an economic absurdity can be continued simply because of the political difficulties inherent in reversing it. Conservative governments in Britain – while appreciating the illogicality of controls – have done little to remove them because the political opposition has been so intense.

Those who feel that logical argument is all that is needed to defeat falsehood would do well to study Britain's unhappy example. Once a bad policy has obtained a foothold, self-interest groups can often insure its continuation by their political power.

**What Can Be Done?**

Reversing the damage caused by rent control and council housing will not be easy, even for a government with the will to tackle the problem. It will require novel and radical measures if the predictable opposition is to be neutralized. The following are among the solutions currently under discussion.

*a) The abolition of all rent control and a reduction in security of tenure*

The most obvious and direct policy. The initial result would be a rapid rise in rents – which would in due course tend to fall as more housing came onto the market. A government which enacted such measures would have to face the political blacklash which would undoubtedly follow such a sweeping measure. Gradual decontrol would be more palatable, but great care would be needed if the side effects of the 1957 Act were to be avoided.

One danger does accompany a policy of sweeping decontrol. It might be the case that decontrol would not necessarily bring a great deal of housing onto the rental market because potential landlords would fear that a future socialist government would reimpose controls and increase security of tenure. In this case, rents would remain high.

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*b) The sale of council houses.*

Some Conservative-controlled councils have embarked upon a policy of selling council houses to sitting tenants with a certain length of residence. The policy has been quite successful in some areas. The houses are normally sold at a price a little below market levels as an inducement to the possible buyer.

Since the council rents rarely cover the full cost of maintenance and capital repayment, the council (and hence the taxpayer) will gain even if the house is sold at a bargain price. Unfortunately, this policy does not tend to appeal to the tenant who is quite prepared to continue paying an uneconomic rent rather than becoming an owner-occupier. Hence the sale of council housing does not seem to be a policy that would break the "hard-core" self-interest group.

*c) Giving away council houses.*

Some have argued that if tenants will not buy their houses, the council should give them to the sitting tenants. Since rents make little contribution to the capital and interest payments of council housing, the taxpayer would certainly not suffer.

Even though the tenant would be liable for additional payments in place of his rent (maintenance, property taxes, etc.), he would be gaining a valuable asset. A mortgage could, if necessary, be taken out to meet extra outlays, leaving the ex-tenant still in a financially preferable position.

Politically, giving away council houses would have a decisive effect. It would turn a group of people who had traditionally favored high property taxes and low rents into a group supporting the opposite goals.

*d) "Homesteading."*

Certain councils, such as the Greater London Council, have taken the lead in attempting to bring about the rehabilitation of derelict property (often a result of controls). Derelict houses have been bought by the council from their private owners. These houses have then been offered at £5 each to anyone wishing to buy them on condition that a certain sum is spent by the purchaser on rehabilitation. The demand for these houses has been so immense that a lottery has been organized to pick the fortunate purchasers.

This policy involves the council in little expense (the cost of a derelict house less £5). Yet it leads to the improvement

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of whole streets and results in future income to the council from property taxes on the renovated properties. From the purchaser's point of view, the policy allows younger people with income sufficient to obtain a mortgage to acquire a house with the minimum initial outlay; in most cases the purchaser carries out some of the renovation himself.

## FOOTNOTES

(1) Marian Bowley, *Housing and State* (London: Allen and Unwin, 1945), p. 17.

(2) Department of the Environment, *Housing and Construction Statistics* (Her Majesty's Stationery Office, London, 1976).

(3) Department of the Environment, *Housing Policy Manual* (H.M.S.O., London, 1976), Table IX.2.

(4) *Ibid.*, p. 67.

(5) On the eve of the 1957 Act, the distribution of housing in the United Kingdom was as follows:

| | |
|---|---|
| Owner-occupied | 4.75 million |
| Publicly-owned (council) | 3.5 |
| Rented furnished | 1.05 |
| Rented unfurnished (controlled) | 5.7 |
| Total | 15.0 |

Source: Ministry of Housing and Local Government, *Rent Control: Statistical Information* (H.M.S.O., London, 1956).

(6) *Housing – The Next Step* (H.M.S.O., London, 1953). A White Paper is a document setting out a government's policy and legislative proposals.

(7) Report of the Committee on *The Cost of House Maintenance* (H.M.S.O., London, 1953).

(8) Department of Environment, *Housing Policy Manual* (H.M.S.O., London, 1977), Table IX.2.

(9) *Ibid.*, Table IX.3.

(10) *Ibid.*, p. 70.

(11) *Ibid.*, p. 67, Table IX.2.

(12) *Ibid.*, p. 70.

(13) Letter from Mr. R. H. Freeman, *The Times* (of London), 19 February 1978.

(14) Government Statistical Office, *Social Trends* (H.M.S.O., London, 1976) Table 13.3.

(15) *Ibid.*, Table 8.9.

(16) Hamish Gray, *The Cost of Council Housing* (London: Institute of Economic Affairs, 1968), p. 42.

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(17) The 1972 Housing Financing Act.

(18) In one such case (that of Clay Cross Council, in Derbyshire), the Conservative government had to send in agents to operate the act. The councillors refusing to implement the rent increases were taken to court, fined heavily, and banned from holding elective office for several years. Needless to say, they became national heroes among left-wing politicians. The Labor government of 1974 repealed the Act in question, and then passed a special Act to specifically remove many of the penalties on the councillors.

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# NUCLEAR BY-PRODUCTS: A RESOURCE FOR THE FUTURE

By Milton R. Copulos

On the afternoon of December 2, 1942, a group of expatriate scientists headed by Enrico Fermi huddled anxiously around their instruments in a laboratory underneath the University of Chicago's Stagg Field. Suddenly their anxiety turned to elation: they had achieved the world's first controlled chain reaction and, in so doing, heralded the birth of the nuclear age. Today, some 35 years after their breakthrough, a debate rages over whether it represents the greatest boon in history or the engine of mankind's destruction.

To a large degree, the nuclear debate has focused on the question of what to do with the by-products of nuclear fission. These by-products include a wide range of materials, both radioactive and non-radioactive, which traditionally have been viewed as waste. As a result of this attitude, considerable effort and expense have gone into the search for an optimum method of disposing of them. Recently, a new school of thought has developed. This line of reasoning suggests that these by-products may constitute a valuable resource, conceivably worth hundreds of billions of dollars. Considering these wastes in a context apart from the nuclear fission process which creates them represents a radical departure from previous views of these materials. In many ways, however, it has a parallel in the early history of the petroleum industry.

When oil first came into widespread use, the natural gas frequently found in conjunction with it was seen as a nuisance. It was not at all uncommon for drillers to "flare" or burn off the gas in order to get to the oil underneath it. Pillars of smoke and fire rising hundreds of feet in the air were a common sight in oil fields around the world. In time, it was discovered that natural gas was a convenient clean-burning fuel and that it was an excellent feedstock for petrochemicals. Suddenly, what had been thought of as a waste by-product of oil drilling became a valuable resource in and of itself. Similarly, thoughtful scientists are beginning to see ways in which nuclear by-products currently regarded as wastes can be put to productive purposes, transforming them, as was the case with natural gas, into a

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valuable resource.

### Towards A New Direction

Paradoxical as it seems, the very characteristics which make nuclear by-products a thorny disposal problem when thought of as wastes are the ones which hold the key to converting them to useful purposes. Among the most important of these are the heat they generate and the radioactivity they emit; but most contemporary research concerning these materials focuses on shielding this radioactivity and dissipating this heat so that by-products can be safely stored for long periods of time. The parallel with natural gas is striking. Because it was a volatile, flammable substance and posed a danger to oil drilling operations, it was burned off. In burning it off, however, the drillers overlooked its obvious potential for burning as a fuel. In the case of nuclear by-products, the obvious is also missed: the heat and radioactivity they generate are forms of energy — forms with tremendous potential. To the degree that this energy can be harnessed and wastes used, the amount to be disposed of is minimized and the drain on other energy resources reduced. Also, because of their long lives, nuclear by-products open up options which would otherwise not exist. Several examples of this can be found in their contemporary uses.

### Plutonium 238

There are three isotopes of Plutonium. One is Plutonium 238, which is already being used to a degree in certain specialized applications. Because of the low penetrating nature of the radiation it emits and its long half-life, it has been recognized as an ideal fuel for cardiac pacemakers. These devices, without which thousands of heart patients could not survive, utilize the heat generated by the radioactive decay of Pu-238. Based largely on the positive experience with this substance as a power source for cardiac pacemakers, ERDA and the National Heart and Lung Institute have been researching the possibility of using it to power artificial hearts. Should this research prove sucessful, the potential for saving human life would be enormous. Each year, according to estimates, there would be from 12,000 to 32,000 otherwise terminal patients whose lives could be extended by a Plutonium powered artificial heart. There would also be from 100,000 to 150,000 seriously disabled heart

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patients who could live far more normal lives with the assistance of such devices. In other words, potential for alleviating the suffering of as many as 182,000 persons each year is inherent in this one use of Pu-238. (1)

Non-medical uses of Pu-238 are also on the horizon, and some exist today. This is especially true of military and scientific applications. The Navy, for example, uses Pu-238 to power navigation satellites. The Air Force uses it for both communication and weather satellites. Much of the information sent from our neighbors in the solar system by various space probes has come from units powered by Pu-238. A short listing of them is impressive. The five Lunar monitoring stations which have been transmitting data to Earth for as long as seven years are all powered by television pictures of the fourth planet, Pioneer 11 and 12 which sent us the first data from Jupiter, and the Voyager spacecraft all use this substance as a fuel.

What is perhaps most important is that Plutonium is but one of a whole family of nuclear by-products called "trans-uranics." Transuranics have atomic weights higher than uranium and all of them hold tremendous potential for development of a multitude of useful applications. Some of these, like Pu-238, are in use today.

### Other Transuranics

One of the more widely used transuranics is Americium-241. Perhaps the most important use is for logging oil wells. Other applications include its use in certain types of gauges, in metering devices and in the manufacture of smoke detectors. Currently, there is a worldwide shortage of Americium-241; and as a result, its value has been steadily increasing. It presently sells for around $210 per gram, but this price is likely to increase significantly as the shortage becomes more severe.

Neptunium-237, one of the largest constituent elements of waste, also has considerable value. It is estimated that by 1990, stores of this element, which currently sells for $100 per gram, could reach some 36 million grams. This would have a value of $3.6 billion at the current price. Presently, Neptunium-237 is primarily used in generating Plutonium-238, which is accomplished through bombardment of Neptunium-237 with high speed neutrons. As medical and scientific applications of Pu-238 multiply, our stores of Neptunium-237 will help to

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insure that adequate supplies of this valuable isotope of Plutonium are available.

A third transuranic which holds considerable, although unrealized, value is Curium-244. This material has a moderate half-life and generates considerable heat energy. For example, one gram of Curium-244 produces 2.84 thermal watts. It also has a number of useful applications in the area of special purpose electrons.

Americium-241, Neptunium-237, and Curium-244 are only three of the elements in the transuranic group. Others also hold potential for development in scientific, medical, and energy-related applications. Further, the transuranics constitute only a portion of the total volume of nuclear by-products. A second, equally important segment consists of what are termed "fission fragments." Fission fragments get their name from the fact that they are created by the splitting or "fissioning" of a uranium atom during the process of a chain reaction. As they are actually pieces of the fissioned atom, they are termed "fragments." Among the most important of the fission fragments are the platinum-group metals.

**Platinum-Group Metals**

Platinum-group metals are of special importance as they are not found in significant quantities in the United States. Nearly all of our domestic needs come from imports, and over 90 percent of the world's production is from nations with which our political relationships are volatile. Specifically, 49 percent of the world's production takes place in South Africa and 44 percent in the Soviet Union. These metals, which include platinum, palladium, rhodium, iridium, ruthenium, and osmium, are essential as catalysts and corrosion inhibitors. Nuclear by-products include significant amounts of palladium, rhodium, ruthenium, and an element called technetium which does not occur in nature. Considering the fact that in 1974 the U.S. spent $503 million on importing platinum-group metals for industrial processes, the value of the metals contained in what are currently termed wastes becomes evident. In fact, between now and the year 2000, it is estimated that the United States will require 1.7 billion grams of platinum-group metals, although domestic reserves are only 30 million grams. Utilizing the metals generated as fission products could go a

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long way toward alleviating this potential for shortage.

The United States is expected to require between 746 million and 1 billion grams of palladium through the end of this century. Domestic reserves of palladium, however, are only estimated at between 300,000 and 600,000 grams. This means that virtually all supplies will have to be imported if purely natural deposits are depended upon. On the other hand, if the palladium present in fission products is utilized, there will be a domestic inventory of 60 million grams by 1990, 80 percent of which would be non-radioactive. Even Palladium-107, which constitutes the radioactive isotope of this element present in nuclear by-products, is so slightly radioactive that it can be safely used in many industrial processes. Further, this 60 million gram inventory can be expected to increase by a factor of five to ten by the end of the century. As this occurs, domestic reserves contained in nuclear by-products will be adequate to supply all domestic demand.

The U.S. is expected to require from 59 million to 87 million grams of rhodium by the year 2000. Domestic reserves are virtually non-existent. Domestic production of rhodium peaked at 62,000 grams per year in 1967 and has declined ever since. Again, large amounts of this metal will have to be imported if the vast amounts of it present in fission products are not utilized. By 1990, there will be some 31 million grams of rhodium isotopes present in nuclear wastes. While some of these isotopes are highly radioactive and must be stored for up to 20 years prior to their use, substantial amounts of usable rhodium are also present in waste. The stable isotopes can be separated from the isotopes which must be stored through known technologies. In the face of a substantial U.S. demand and insignificant natural endowment, it makes sense to do so.

Ruthenium, which is used as a corrosion inhibitor and as a superconductor, is also present in large quantities in nuclear by-products. The U.S. currently imports large amounts of this metal at a price of $2 per gram. This price may well make economic the use of isotope separation techniques to obtain the stable isotopes of this element from nuclear wastes. By 1990, estimated inventories of this metal existing in wastes may well amount to 93 million grams; and by the end of the century, there will be as much as 1 billion grams present in

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wastes.

One of the most useful of the platinum-group metals, technetium, does not exist in nature. It currently is in widespread use for sophisticated medical procedures such as brain scans. As technetium is only created through the process of a chain reaction, supplies of it are found only in what are thought of as nuclear wastes. Estimates indicate that by the year 1990, there will be as much as 62 million grams of technetium present in nuclear by-products. Since it is particularly valuable as the catalyst for liquid fuels which do not contain additives, demand for technetium can be expected to increase substantially over the next several decades. Also, the fact that it can be used as a substitute for platinum in most applications tends to give it considerable breadth in terms of potential use.

In considering the magnitude of anticipated imports of platinum-group metals through the end of the century, it rapidly becomes evident that it would be unwise to fail to extract the supplies of them present in nuclear by-products. In fact, using them will have a double conservation effect. These metals are essential to catalytic chemistry. Many new catalytic processes are being adopted by industry, because they require far less energy than conventional ones. Therefore, in addition to utilizing materials which would otherwise be discarded, the extraction of platinum-group metals from nuclear wastes will also have the effect of helping to reduce industrial energy consumption.

Platinum-group metals are not the only portion of fission fragments which holds potential for assisting in the conservation or recycling of resources. Another exciting possibility lies in the use of Cesium or Cobalt-60 for food irradiation.

### Food Irradiation and Pest Control

Both Cesium-137 and Cobalt-60 have been suggested for possible use in food irradiation. Food irradiation serves two basic purposes: pest control and preservation. In the case of pest control, the potential gains from food irradiation are impressive. Current estimates place post-harvest world food losses from pests at as much as 25 percent of total food production. It has also been estimated that as many as 30 million tons of seed foods are lost each year. This loss is approximately

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equivalent to the production of 50,000 square kilometers of prime farmland. The losses of food, incidentally, are only part of the total loss to society. Energy and fertilizer used in the production of the lost food represent a substantial drain on world hydrocarbon resources, as both are heavily dependent on petroleum and natural gas.

Currently, considerable energy is consumed in refrigerating, heating, and storing various types of food. Also, many of the pesticides which are employed to eliminate pests which attack food stored in post-harvest facilities are petroleum-based. Further, the use of the pesticides has been the subject of increasing scrutiny as fears over potential side-effects proliferate. Food irradiation helps to alleviate both the drain on hydrocarbon resources and the dangers associated with toxic substances.

Experiments to determine the safety and efficacy of irradiating food so that it can safely be stored for extended periods of time have been conducted. Based on data supplied by these experiments, a joint committee of the World Health Organization, Food and Agriculture Organization, and International Atomic Energy Agency approved five irradiated foods as safe for human consumption as of September, 1976. These five foods were potatoes, chicken, wheat, papaya, and strawberries. In addition to the five which received final approval, three other foods — rice, fish, and onions — received tentative approval. As more experimental evidence accumulates, it is likely that the number of approved foods will markedly increase.

There are several reasons why food irradiation will be of increasing importance in coming years. First, there is the fact that a growing number of nations are finding it increasingly difficult to feed their populations. Given this situation, post-harvest losses of the magnitude suffered today are simply intolerable. Similarly, in a world where energy appears to be growing increasingly scarce, any measure which will assist in reducing the tremendous energy expenditures associated with food storage and preservation is likely to be welcome. Also, a reduction of the drain on hydrocarbons for pesticides is of considerable import. Most importantly, however, it appears that previous questions as to the economic viability of food irradiation on a large scale may be resolved.

In the past, food irradiation techniques employed Cobalt-

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60 as a radiation source. The problem with this material was that it had to be artificially produced, and its production on a large scale did not seem practical. In recent years, radiocesium has been suggested as the agent for food irradiation. Unlike Cobalt-60, this substance is produced in prodigious amounts during the normal course of operations of a power reactor and is, therefore, present in significant quantities in nuclear wastes. It is the advent of radiocesium which may make irradiation an economic technique. The prolific quantities of cesium may also provide radiation for the production of fertilizer from municipal wastes.

**Using Municipal Wastes Through Cesium Irradiation**

Increasingly, large cities have been faced with a crisis in the area of solid waste disposal. Expensive filtration and purification facilities have been constructed to insure for the residents a continuing supply of pure water, but recent evidence indicates that some of the chemical additives used in water purification may be carcinogenic. Also, some facilities are beginning to break down under rapidly escalating demands on their capacity. One answer to this problem may lie in using irradiation techniques to turn solid wastes into fertilizer.

The radiation produced by some elements such as Cesium-137 and Cobalt-60 is extremely effective as a sterilizing agent. These isotopes, when encapsulated in impervious substances to prevent leaking into a water system, can be utilized to convert municipal waste treatment plants into facilities capable of manufacturing high-grade fertilizer and nitrogen fixation agents. Various laboratory experiments have been conducted with considerable success over the last twenty years to determine the practicability of this process. Most encouraging is the fact that since 1975, Munich, Germany has had a full-scale plant in production on a commercial basis. (2) The Munich plant, which uses Cobalt-60 for irradiation, produces approximately 120 cubic meters of high-grade fertilizer and soil conditioner each day.

In the United States, there are a number of projects under way to test the feasibility of commercial irradiation of municipal wastes. In these studies, a number of positive effects have been observed. These effects include such phenomena as an enhanced settling rate, a reduction of odor, and a reduction of

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pathogens. Should these plants come into commercial operation in the United States, the potential exists to convert sludge which currently costs from $25 to $70 per ton into an asset worth from $25 to $100 per ton, depending on content and quality.

### Other Uses

An obvious use for various fission products is for the generation of power at remote sites. This is already being done to some extent. For the most part, contemporary use of fission products for remote power generation has been accomplished with radiostrontium. At present, the radiostrontium contained in wastes stored at the Hanford facility in Richland, Washington, is being extracted; and after extraction, this isotope is being encapsulated in units producing roughly one thermal kilowatt. These capsules could be suitable as power supplies for thermoelectric generators.

Recently, the Federal Aviation Authority has indicated that it intends to replace the fossil fuel-powered system at Lake Clark Pass, Alaska, with one powered by strontium. (3) This system, which will employ radiostrontium-powered thermoelectric generators, will be used to operate an unmanned navigation station. A number of advantages associated with radioisotope thermoelectric generators apparently led the FAA to its decision. Among those advantages were increased reliability and the elimination of hazards to personnel associated with bringing in tanks of propane gas by helicopter to refuel the station.

The Lake Clark Pass station is not the only application of radiostrontium-powered generators as power sources for remote sites. At present, there are some 40 such generators in operation in the United States. These generators have accumulated over 2,000,000 operating hours to date and have proven themselves especially well-suited to such functions as providing power for remote land or undersea monitoring stations. One example of this may be found in the U.S. Navy's data acquisition station in the Bering Straits. This sytem, which is located on Fairway Rock, has been powered for nine years by a strontium-fueled generator. During the entire period, the system has remained completely unattended.

It has been suggested that strontium-fueled thermomechan-

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ical generators may be used to replace part of the Distant Early Warning (DEW) line. Close to $40 million is being spent annually to operate this portion of the U.S. defense system. This cost could conceivably be significantly reduced through the use of highly reliable radiostrontium-powered thermo-mechanical solid state radar stations.

Should the reprocessing of spent fuel rods become a reality, as seems inevitable, there is a possible application for the by-product Krypton-85 in certain special types of illumination. Krypton-85 emits beta radiation, which can be used to irradiate a phosphor such as zinc sulphide, exciting it and causing the generation of visible light. (4) The advantage of such a light source stems primarily from the fact that it requires no electrical energy. It may therefore, be used in applications in which the use of electricity is either impracticable or undesirable.

The creation of so-called "beta light" through the use of Krypton-85 has been an observed phenomenon for many years. It has not been practical up to now due to the relative scarcity of this element, but reprocessing of spent fuel rods might make it an economically viable technique. This is because relatively large amounts of Krypton-85 would be generated as a normal by-product of such activities. A typical reprocessing plant could be expected to product 50,000 curies of Kr-85 per day. Light sources utilizing this gas would require from 4 to 60 curies each. This would obviously represent a significant lighting resource.

Among suggested applications for Kr-85 lamps are such uses as the illumination of oil wells so that accurate estimates of reserves can be made and fuller extraction of them accomplished and the use of such light sources in deep mines where the presence of natural gas presents a fire hazard when electric-powered light sources are used. Kr-85 lamps could be used to provide illumination for undersea research where the length of cables necessary to transmit electricity is prohibitive and the use of batteries is impracticable due to salt-water intrusion. Kr-85 could also be used to provide emergency lighting in situations where electric power is lost.

While Kr-85 would not be practical as a light source in homes because it emits hard radiation, it is possible to design emergency lighting so that the radiation hazard would be minimized for the relatively short periods of time the Kr-85 lamps would be employed. Further, in deep mining applica-

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tions, the hazards presented by more conventional illumination might overweigh those from the remote possibility of radiation leakage.

### The Cost of Not Conserving Fission Products

In this age of concern for conservation, what is perhaps most astounding is that so little real consideration has been given to the tremendous waste of resources which occurs in disposing of the by-products of nuclear fission. No thorough attempt to estimate the value of these by-products has been conducted since Rohrmann's work in 1965. (5) While it is true that his figures are probably on the low side, as advances in technology have opened increasingly wide areas of application for fission products, they still provide a basis for rationally estimating the loss to society. His original estimate placed the value of the by-products contained in a ton of nuclear waste at $232,588. (6) Allowing for intervening inflation, this would place the value of the by-products contained in the spent fuel produced by a power reactor of the standard U.S. configuration at around $14 million per year.

If ERDA estimates of nuclear power construction are in any way nearly accurate, some assessment of the potential value of nuclear by-products in the coming years can be made. Based on ERDA projections of power plant capacity installed by 1980, 1990, and 2000, the total value of the by-products produced by these plants will be approximately $78.2 billion. The utilization of fission products will also have the effect of reducing our balance of payments by a minimum of $11.7 billion through the end of the century. All of these figures are in constant 1977 dollars.

As it is not known just what their market price will eventually be, some of the values of by-products cannot be included in these estimates. However, there are some about which there exist ample data on which to base an estimate. For example, Americium currently sells for $210 per gram. This means that by 1990, we would have stores of this element valued at $1.4 billion, assuming no increase in price, although there is a shortage of this material and some increase in its real price, possibly doubling the aforementioned figure, may be anticipated. Similarly, Neptunium has a current market price of $100 per gram. Stores of Neptunium will have a value of

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$3.6 billion in thirteen years. Surprisingly, Krypton-85 (7) is likely to decline in price, primarily because it currently is not produced in any significant amounts and must go through an enrichment process if it is to be used. As has been said, relatively significant amounts of it will be produced through reprocessing, thereby increasing the supply to the point that the price might well decline. Even with a major change in price, the total stores of this gas would have an estimated value of $2.4 billion by 1990.

All of these figures, of course, are only reflections of the dollar value of the actual materials contained in fission by-products. These numbers do not take into a consideration the secondary benefits society will derive in terms of energy savings, enhanced quality of life, or the reduction in the absolute volume of material which must be disposed of.

## Summary

To summarize just a few of these benefits, there are the 180,000 lives which could potentially be extended or improved through the use of plutonium-powered artificial hearts; the reduction of world food losses which could be accomplished through the use of cesium-137 for irradiation of foodstuffs during post-harvest storage; the new vistas of knowledge which could be explored through the use of strontium-powered remote monitoring devices; and the solution of our municipal waste problem through the conversion of wastes to fertilizer and nutrients by cesium-137 irradiation.

All of the benefits discussed in this paper are potential benefits. They will only be realized if previous attitudes and prejudices can be set aside long enough to allow an objective appraisal of their merits. Some uses of nuclear by-products will prove economically viable almost immediately, while others will need development time. The important point, however, is recognition of the fact that the potential exists. Today, the waste of vast quantities of natural gas during early oil drilling operations is regretted. Hopefully, future generations will not have cause to regret the waste of nuclear by-products.

## FOOTNOTES

(1) The statistical and other data cited in the following three sections

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of this study are derived principally from *Proceedings of the 12th Intersociety Energy Conversion Engineering Conference*, Washington, D.C., August 28 through September 2, 1977, published by the American Nuclear Society, Vol. 2, esp. p. 1049.

(2) *Proceedings of the 12th Intersociety Energy Conversion Conference, op. cit.*, p. 1052.

(3) *Ibid.*

(4) Dr. C.A. Rohrmann, formerly of Battelle Pacific Northwest Laboratories, has had a Krypton powered "Beta" light in his home for a number of years.

(5) See *Isotope and Radiation Technology*, Vol. 2, No. 2, Winter 1964-65, pp. 99-123.

(6) *Ibid.*

(7) For a more thorough discussion of noble gasses found in nuclear by-products, see *Isotope and Radiation Technology*, Vol. 8, No. 3, Spring 1971, p. 253.

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# THE NEW DIRECTION OF WORLD BANK POLICY

By Brian Johnston

During a period of some thirty years of operation, the direction and purpose of World Bank activities have changed dramatically. Since the allocation of resources to specific projects is a matter which heavily influences world history, it behooves students of global social and political studies to take note of these changes.

Written following the close of World War II, the World Bank's Articles of Agreement allowed the Bank very broad guidelines, authorizing its directors to take virtually any financial actions which would "promote the long-range balanced growth of international trade" and provide loans for "useful and urgent prospects." For the first two years most loans were directed towards the reconstruction of Europe, since which time the Bank has devoted its activities toward assisting the more backward "developing" countries.

Until the 1970's the prime focus of World Bank policy continued to be on the development of the poorer countries, attempting to encourage the creation of an infrastructure of industrial enterprises which would increase Gross National Product. However, during the past six to eight years there has been a considerable change of philosophy regarding the more immediate goals of economic assistance. Instead of concentrating on overall economic development more attention has been given to measures which would provide support for the poorer elements in the poorer countries.

The meaning of this change of philosophy, translated into real terms, is that the former emphasis upon improving the Gross National Product (GNP) of countries receiving loans has weakened, and indeed many governments have been encouraged to promote populist measures which have channelled immediate support to the prolific masses living at poverty level – with the ultimate effect of further increasing the population of impoverished nations and thus ascerbating the long-term problem of overpopulation and underdevelopment.

In publications of the World Bank, there still seems to be some understanding of the need to increase production in the beneficiary countries. However, the view now predominates

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that increased productivity does not always filter down to the lower income levels, and that future loans must therefore be tied to programs which will enable the lower income groups to overcome their immediate problems. Thus the new trend of World Bank policy has been summed up by Mahbub ul Haq, Director of Policy Planning and Program Review Department of the World Bank as follows:

> – Growth in the GNP often does not filter down to the poor.
>
> – The market mechanism is often distorted by the existing distribution of income and wealth in favor of the rich and new development strategies must be aimed to satisfy the needs of the entire population rather than market demand.
>
> – Policies to improve the distribution of benefits and employment opportunities must be an integral part of any production plan.
>
> – A vital element in distribution policies is to increase the productivity of the poor by directing investment toward them.
>
> – A drastic restructuring of political and economic power is often required if development is to spread to the vast majority of the population. (1)

It is not surprising that Mr. Haq himself comments that these propositions "would have been regarded as heresies only a decade ago."

**Emphasis on Absolute Poverty**

Evidence of these changes of direction can be identified through the speeches of the Bank's President, Mr. Robert S. McNamara, at the Annual Meetings of the Bank's Board of Governors. Repeatedly he has stressed the need to attack mass poverty directly. Indeed, the main theme of his address in Santiago in 1972 was that economic growth was not filtering down to the bottom 40 percent of the population in the developing world. This claim was supported by evidence compiled by the Bank. One factor that the Bank did not take into consideration, however, was perhaps the most important. Our world is threatened by the fact that what wealth does filter down to the lower 40 percent of the population of the developing world is immediately translated into an increase of population, so that our position in the battle against poverty con-

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tinually deteriorates.

Mr. McNamara frequently talks about distinctions between "relative poverty" and "absolute poverty." The relative poor are defined as those whose average income was less than one third of the national average, but his main emphasis is on the over 900 million "absolute poor," who have an average per capita income of less than $100. This is the group which has an infant mortality rate eight times higher than the average in the developed countries, and these are precisely the people, who for well studied social, economic and other reasons, translate all income increases into a further increase of impoverished population. The response of these recipients has been demonstrably not to produce more wealth, only more mouths to feed.

While personally aware of this problem, Mr. McNamara seems to hope that he can generate an increase in the standard of living of the masses (currently existing at starvation level) which would raise them out of the conditions under which increased income is automatically translated into increased population into those higher income levels in which – as in the countries of northern Europe – prosperity tends to reduce population increase to near-zero levels. Quite understandably, he has never produced any figures to show that the total pooled resources of the world could achieve such an enormous economic and social revolution.

As a result of its new policy, the World Bank now distinguishes between the "poorest nations," with over 80 percent of "absolute poor" (defined as those with average per capita incomes below $265 in 1975 dollars) which require constant assistance from the more productive nations, and those countries with average incomes above $265, which with greater access to international markets could perhaps sell their manufactures and so improve their productivity.

In the past the World Bank had always acknowledged that welfare programs which fail to enhance the productivity of the recipients can only be short-lived and are, indeed, even counterproductive. Thus it had recognized the need to expand the capacity of the poor to produce and purchase market goods. However, in its efforts to attack mass poverty, the World Bank has encouraged programs that channel the resources of the more productive nations to the "absolute poor" – those who

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have no tangible assets and are not in a good position to utilize that aid with economic effectiveness. This has become very obvious. Let us quote from Mr. Haq again:

> The past ten years have witnessed a major change in the World Bank's lending patterns and policies . . .
>
> To begin with, this has meant channeling International Development Association (IDA) resources increasingly to the poorest countries, that is, those with a capita income of less than $265 in 1975 dollars. About 84 percent of IDA resources are being allocated to these countries. (see Table 1)

Table 1

**Distribution of concessionary resources to the poorest nations**

(Percentage share, FY 1975)

| 1975 per capita income | IDA |
|---|---|
| Below $265 | 84 |
| (Of which: India) | (40) |
| Above $265 | 16 |
| Total | 100 |

Thus, IDA has been able to maintain a strong emphasis on poverty in its assistance. This is mainly because IDA is multilateral and nonpolitical, and because its overall objective is to reach the poorest people, 80 percent of whom live in the poorest countries.

Because of the change in the focus of development policies, it was also inevitable that the sectoral emphasis of Bank Group lending should shift dramatically – and so it did. About ten years ago, 55 percent of Bank Group lending was devoted to infrastructure projects: this proportion had dropped to 30 percent by financial year 1977. Most of the World Bank's lending is now allocated to those sectors that directly contribute to increasing the productivity of the poor. Lending for rural development has increased from a negligible proportion ten years ago to over 90 percent of total lending today. For social

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sectors, such as education and water supply, lending has more than doubled. (2)

While water is an essential support to life, the utility of education depends on what education is offered. May I suggest that what is most needed is support for rural populations to expand food production and massive support for population control in the "poorest nations."

The main problem is that population control programs are not working, and any improvements in water supply, health services and even food production itself instead of resulting in a dramatic breakthrough to a high standard of living which might reduce fertility are merely being utilized to sustain the population explosion which has already reached tremendous proportions in many of the tropical areas. The fact that people living in spacious comfort in the United States do not see the impact of the population explosion in the countries in which it is taking place, does not lessen the real cruelty of this explosion. Nor does it lessen the fact that the world population buildup is potentially more dangerous to the future of mankind than are nuclear weapons.

**More Support by World Bank for State-Controlled Enterprises**

While admitting that "it would be incorrect to suggest that the Bank effort has already made a decisive difference to World poverty" Mr. Haq also points to another significant change in World Bank policy in the 1970's:

> The Bank's lending policies and techniques have also evolved in other ways. For instance, ten years ago the Bank made no loans to government-owned Development Finance Companies (DFCs). Last year, 60 percent of such Bank lending was to government-owned DFCs. Ten years ago, the Bank made few loans to state-owned industrial enterprises. Last year, virtually all of the Bank's lending to industry went to state enterprises. (3)

Increased emphasis on state managed industry plus emphasis on the responsibility of the "developed" nations to the "developing" nations (and of a north-south "dialogue" in which the countries of northern lands are portrayed as the productive, wealthy countries and those of the tropical areas and southern hemisphere, with obvious exceptions such as Australia, South Africa, etc., as impoverished) has all been based on an equali-

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tarian dogma rooted in the concept of a worldwide, socialist society operating under a single supervising government. Whether we like this idea or not, it still overlooks the fact that such concepts tend to forget that "spaceship earth," like all spaceships, has a limited population capacity. The changes in World Bank policy during the 1970's do not place sufficient emphasis on the problem of the population explosion. As Professor Garrett Hardin has said in his recent book *The Limits of Altruism*, the wealthy nations of the world will do little good until they recognize that the greatest gift they can give is to make each country accept its responsibility for adjusting its population to its own capacity. (4) All efforts to alleviate poverty which do not raise population control to the foremost priority are doomed to failure and only ascerbate the essential problem — which is the current rate of world population growth.

FOOTNOTES

(1) Mahbub ul Haq, "Changing Emphasis on the Bank's Lending Policies," in *Finance and Development*, June 1978, Vol. 15, No. 2.
(2) *Ibid.*
(3) *Ibid.*
(4) Garrett Hardin, "The Limits of Altruism: An Ecologist's View of Survival," 1977, Bloomington: Indiana University Press.

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# THE RISE AND FALL OF ALEXANDER DUBČEK*

By Josef Kalvoda

Very few people outside Slovakia ever heard of Alexander Dubček prior to his elevation to the position of the First Secretary of the Communist party of Czechoslovakia in January 1968. A few years later, after a short-lived prominence, he fell into oblivion, although his name has remained indelibly linked with the epic of the "Prague Spring."

The amount of writing relevant to the short career of Dubcek and the developments in Czechoslovakia in 1968 is tremendous; (1) yet it is not possible to write a "definitive" study on the "Prague Spring" and Dubček's role in it, for the story of those events is still unfolding, and the archives of the Communist parties of the Soviet bloc countries and private papers of Communist party officials remain inaccessible. It is not possible, for political, personal, security or other reasons, to obtain the one particular piece of evidence – the one vital letter, memorandum of conversation, revealing diary, or a note of personal communication – which would explain *conclusively* why Dubček rose and fell.

As one who left Czechoslovakia for political reasons in 1948 and came back for a visit twenty years later, I followed the developments in the country of my origin very closely. From observation and conversations with people in the Soviet Union and Czechoslovakia during the summer of 1968, I concluded that the Soviets had military and strategic interests in Czechoslovakia. (2) This, however, does not explain the fall of Novotný, the rise of Dubček, the crude methods used by the Soviets, or the inglorious end of Dubček's career.

Two questions arise: Why was Antonín Novotný, First Secretary of the Communist party of Czechoslovakia, replaced by Dubček in January 1968? And, why did the Soviets use such drastic means in order to attain their objective?

Clues to answering the first question are contained in several official pronouncements. Gustav Husák, the leader of the "re-

* This subject has been explored in greater detail in *Czechoslovakia's Role in Soviet Strategy*, published by University Press of America in 1978, and also draws upon material presented at the Annual Meeting of the New England Slavic Association, held at Harvard University, Cambridge, Mass., April 15-56, 1977.

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sovietized" Communist party of Czechoslovakia, who in April 1969 replaced Dubček as the First Secretary of the party and who endorsed the Soviet bloc invasion as necessary in order to save socialism in Czechoslovakia, stated in August 1969 that there was an almost "ten year crisis" in the country, and that the latter was "reaping the fruit of what Novotný had sown for nearly ten years. . ." (3)

The official statement by the Communist party of Czechoslovakia on the crisis, (4) dated December 1970, places the blame for the crisis on Novotný who failed to carry out correctly the directives of the 13th Party Congress held in 1966. The document reproaches Novotný in that he had allowed the ideological disarming of the party, by permitting the revival of the remnants of bourgeois views, the penetration of rightist opportunism into the party, and by not emphasizing enough the need to educate party members and other working people in the spirit of Marxism-Leninism. "Theoretical work in the Party was for many years neglected and suffered from a superficial formalistic approach to ideological work among the Party members. Even such theoretical institutes of the Party as the Historical Institute of the CPC, the Party College, the Institute of Political Sciences were long before 1968 active bearers of many revisionist conceptions." (5)

Furthermore, the document charges that in June 1967 "a salient open attempt to establish a revisionist anti-Party and anti-socialist platform were the addresses organized by the rightist group of writers around A.J. Liehm, P. Kohout, M. Kundera, K. Kosík, L. Vaculík and J. Procházka at the 4th Writers' Congress, with the aim of securing for this platform public support." (6) How did Novotný cope with this and similar situations? The Party document says: "Novotný . . . had no feeling at all for conceptual work, indiscriminately rejected critical voices and did not differentiate between well-meant criticism and rightist attacks. He frequently adopted a sharper stand against those forces which tried to create a sound situation in the Party than against rightist elements. Instead of putting himself at the head of the Marxist-Leninist current, he objectively obstructed efforts of the Party to achieve a creative application of the conclusions of the 13th Congress, ideological and action unity and a strengthening of the leading role of the Party." According to the document, Novotný was inconsistent,

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one-sided, violated "collective leadership," was conceited, subjective, megalomaniac and suspicious of people. His personal qualities and the "uncritical approach on the part of some of his closest collaborators," were among the reasons for which "the efforts to find a way out of the situation and to activate the Party concentrated on the question of his departure from the leading Party function." (7)

In any case, it is very clear that he was too "liberal" for Moscow and the hard-liners in the Communist party of Czechoslovakia. At the same time, Novotný was a rather dull *apparatchik* who alienated many people during his long stay in office and who did not satisfy the demands of the more progressive forces in the Party and of those who desired more freedom. The worsening of the economic situation in Czechoslovakia was also blamed on him. Thus, the people who insisted on his departure from public life were not of the same ideological mold – they opposed him for different, often contradictory, reasons; subsequently, Dubček was selected as Novotný's successor and Moscow approved of that selection.

The selection of leaders in the Soviet bloc countries is not left to chance. It is known that Leonid Brezhnev, the Soviet CP leader, during his visit to Czechoslovakia in December 1967, spent more time with Dubček than with Novotný, to the displeasure of the latter. The most important reason for Novotný's departure, however, may be the one omitted from the previously quoted document, that is, the Soviets desire to have their troops stationed in Czechoslovakia.

The 1966 military exercises in Czechoslovakia ("Operation Vltava") conducted by the Warsaw Pact armies brought into focus the geographical importance of Czechoslovakia in Soviet military planning. (8) Soviet strategic interests required the presence of reliable, Soviet, troops in Czechoslovakia. It was suggested to Novotný that he request the stationing of some Soviet military units in the western part of Czechoslovakia and he, reportedly, rejected the proposal.

The selection of "Our Sasha", as Brezhnev called Dubček, to succeed Novotný in January 1968 was probably due more to the Soviet desire to have Novotný out than to the sins Novotný was later accused of. Since he could no longer be controlled and was no longer willing to implement policies dictated by Soviet strategic interests in Czechoslovakia, he

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outlived his usefulness — "in a system where everything can be manipulated," to use the expression by a Czech philosopher, Karel Kosík. (9)

Although the Soviets might have had several reasons for acting the way they did in August 1968, Dubček's own admission, in September 1968, that he and his comrades underestimated the Soviet "strategic interest" in Czechoslovakia, supports the theory that the Soviets invaded Czechoslovakia for military and strategic reasons. (10)

Novotný's unwillingness to invite the stationing of Soviet troops in Czechoslovakia would have been more than a sufficient reason for the Soviet covert approval of the actions taken against Novotný by his comrades in December 1967 and January 1968. At that time Dubček appeared to be a more suitable person to implement the Soviet designs in Czechoslovakia. It is known that Dubček lived for some time in the Soviet Union and attended the special Party School in Moscow. At the 13th Congress of the Communist party of Czechoslovakia, held in 1966, Dubček delivered a very anti-Western speech and insisted on "continuing Bolshevisation" of the Party in the tradition of Klement Gottwald, the first Communist president of Czechoslovakia. (11) After becoming the new leader of the Communist party of Czechoslovakia, in a speech commemorating the twentieth anniversary of the Communist victory in February 1948, delivered in Prague in February 1968, (12) he spelled out the principles of a "true believer" and specifically mentioned the need for carrying out the tasks set by the 13th Party Congress held in 1966. Present at the celebration were dignitaries of the Soviet bloc countries, including Brezhnev, and on that occasion Dubček made a reference to his meeting with the Soviet leader in Moscow on January 29, 1968, at which, undoubtedly, the decision was made to break Novotný's power in the state and Party apparatuses.

Since after the relaxation of censorship in Czechoslovakia most of the journalistic heat was directed at Novotný, it is reasonable to assume that the original purpose of the giving a rather free hand to the media was to eliminate Novotný's supporters from the Party and the state administration. After tasting the apple of freedom, the media began to criticize not merely Novotný and his cronies, but also the system itself

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and that, eventually, had to displease the Soviets, as it did.

Early in May Dubček visited Moscow and the Soviets brought up the issue of leaving some of their troops, which were to participate in military exercises in Czechoslovakia to be held in June, in the country. (13) In mid-May a military delegation arrived in Czechoslovakia to discuss the same issue. By this time, however, the Czechoslovak press began to insist on complete sovereignty, independence and non-intervention in domestic affairs. The issue of Soviet interest in stationing some of their military units in Czechoslovakia was raised in German and French newspapers in April and May 1968, respectively, and denials of such an intent were issued by Czech and Soviet spokesmen. (14)

After the June military maneuvers some of the Soviet troops were reluctant to leave the country and the question of the stationing of Soviet military units in Czechoslovakia became a bone of contention between the two states. In retrospect it seems that July 15, 1968 was the crucial day in the history of the "Prague Spring" and the career of Alexander Dubček. An open warning to the Central Committee of the Communist party of Czechoslovakia was issued by leaders of five Communist parties meeting in Warsaw.. (15) The communiqué reflected what later became known as the Brezhnev Doctrine whose origin, however, may be traced to the writings and actions of Lenin, Stalin and Khrushchev.

Since the presidium of the Central Committee of the Communist party of Czechoslovakia voted against Czechoslovakia's participation in the Warsaw meeting, Dubček did not attend it lest Brezhnev force them to permit the troops on maneuvers to remain in Czechoslovakia. (16) By this time Brezhnev must have realized that he had miscalculated about "our Sasha." On the same day, July 15, Lt. General Václav Prchlík held a televised press conference that was not reported in the daily Czech press. (17) The general noticed that fifteen days after the military maneuvers were over, and contrary to the statement of Marshal Yakubovsky that they would leave, some Soviet troops still lingered in Czechoslovakia. Prchlík disapproved of the Warsaw conference and stated publicly that there was no provision in the Warsaw Pact which would entitle the other partners to arbitrarily station or place their military units on the territory of the other member states. He insisted

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that the country must not permit a violation of its state sovereignty or an interference in its internal affairs.

Prchlík was attacked for his statement in the Soviet press and, subsequent to Soviet protest, Dubček relieved him of his post controlling the armed forces by abolishing the Eighth Department of the Central Committee of the Czechoslovak Communist party headed by Prchlík since January 1968. (18) The dismissal of General Prchlík documents that Dubček complied with Moscow's request and that he refused to embark on a road that could lead to independence from Moscow. The removal of Prchlík, who had urged the leaders of the Czechoslovak Communist party ro resist Soviet pressures and to prepare the country for a possible Soviet military action, insured that the Soviet and other armies of the bloc would encounter no armed resistance during the invasion. (19)

Briefly stated, the Soviet Union tried to attain its military and strategic objectives in Czechoslovakia during the spring and summer of 1968. Public opinion and the people around Dubček pressed the latter to oppose the Soviet request for stationing of their troops in the country and insist on "national sovereignty." Since Dubček did not "cooperate," the Soviets decided to accomplish their objective by mounting the invasion, though they had to pay a price for it politically.

Dubček had other options than the one he chose to follow. He could have accepted the advice of General Prchlík, mobilize the country for a possible resistance and use the threat of a military conflict as a deterrent to a Soviet invasion; or if needed, to order the armed forces to resist the Warsaw Pact armies. The Prchlík proposal, however, was rejected by the leadership of the Communist party of Czechoslovakia on the grounds that it would be an act of disloyalty to the Soviet Union if not an act of provocation. The rejection of the Prchlík proposal and the failure to make any preparation for resisting a possible Soviet military invasion show that neither Dubček nor the Party intended to pursue a course of action that could lead to the country's independence from the Soviet Union.

Dubček could have followed another option: He could have agreed to the request made by the Soviets to leave some of their troops in Czechoslovakia after the maneuvers. The "popular" Dubček, however, could not do what the "stalinist" Novotný had refused to do, namely, to agree to the Soviet

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military presence in Czechoslovakia. Thus Dubček rejected both of the two realistic courses of action: either to become a collaborator or the leader of the forces of nationalism who would defy Moscow.

In October 1968 Dubček was induced to destroy his own integrity and his popular image of one who stood for Czechoslovakia's independence when he endorsed a treaty between the Soviet Union and Czechoslovakia on the "temporary" stationing of Soviet military units in Czechoslovakia. (20) The permanent arrangement for keeping the troops in the country was made by a formal treaty in May 1970. (21) The treaty incorporates the essence of the Brezhnev Doctrine, that is, it contains the principle that the defense of socialism is a joint international duty of all socialist countries. It also formalizes the permanent stationing of Soviet troops in Czechoslovakia and mandatory consultation in matters of international politics. Thus Dubček participated in ushering in the "normalization" process in Czechoslovakia.

Did Dubček have a prior knowledge of the Soviet plan to invade Czechoslovakia? The answers to this question vary. Ten days before the Soviet invasion a member of the Czechoslovak intellectual establishment answered my question "What do you think of the theory according to which the Soviets are planning to invade Czechoslovakia?" by stating ". . . what you call a theory is a fact, it is a reality." It is difficult to believe that Dubček would not know about the Soviet preparations for the invasion. In his naiveté, however, he probably refused to believe that Brezhnev would do it to him.

The crux of the matter seems to be Dubček's naiveté and his lack of understanding of the Marxist-Leninist power politics and the way the Soviets operate. In July 1968, when Dubček was at the height of his popularity at home and abroad, a rather brilliant political observer remarked: "Dubček is a mediocre person with whom I would not want to have an intellectual discussion, because it would be very boring. The tide of the time has brought him up." As it happened, another tide, coming from the East, brought Dubček down.

## FOOTNOTES

(1) Without implying that those not listed here are of lesser rele-

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vance, among the several hundred books and articles the following may be mentioned: Herbert Aptheker, *Czechoslovakia and Counter-Revolution* (New York, 1969); Vasil Bil'ak, *Pravda zůstala pravdou: Projevy a články, říjen 1967-prosinec 1970* (Prague, 1971); Alexander Dubček, *Komunisti a národné dedičtvo* (Bratislava, November 1968); Vladimir V. Kusin, *Political Groupings in the Czechoslovak Reform Movement* (London, 1972); same author, *The Intellectual Origins of the Prague Spring* (Cambridge, 1971); Isaac Don Levine, *Intervention*. The Causes and Consequences of the Invasion of Czechoslovakia (New York, 1969); Antonín Ostrý, *Československý problém* (Cologne, 1972); Robin Remington, ed., *Winter in Prague: Documents on Czechoslovak Communism in Crisis* (Cambridge, Mass., 1969); H. Gordon Skilling, *Czechoslovakia's Interrupted Revolution* (Princeton, N.J., 1976); Pavel Tigrid, *Why Dubček Fell* (London, 1971); Otto Ulč, *Politics in Czechoslovakia* (San Francisco, 1974); Ivan Sviták, *The Czechoslovak Experiment, 1968-1969* (New York, 1971); and Philip Windsor and Adam Roberts, *Czechoslovakia, 1968* (London, 1969).

(2) Josef Kalvoda, "The Soviet Bloc: An Appraisal." Paper presented at the November 1968 annual meeting of Southern Political Science Association, Gatlinburg, Tenn. Published in *International Behavioural Scientist* (Meerut, India, vol. 1, No. 2, June 1969).

(3) "Gustav Husák's Address to Meeting of Party Activists in Prague," *Information Bulletin*. Issued by *World Marxist Review* Publishers, No. 17, September 17, 1969.

(4) "Czechoslovakia: Lessons of the Crisis," *Information Bulletin*. Issued by *World Marxist Review* Publishers, No. 2, March 11, 1971.

(5) *Ibid.*

(6) *Ibid.*

(7) *Ibid.*, p. 12.

(8) Windsor and Roberts, *Czechoslovakia, 1968,* p. 8; *Paris-Match*, August 14, 1971 quoting Major-General Jan Šejna who defected after the selection of Dubček as First Secretary of the Communist party of Czechoslovakia; 'Moravus', "Shawcross' Dubček," *Survey*, XVII (Autumn 1971); Levine, *Intervention*, pp. 7, 80 and 83; and the article by John Erickson, *Sunday Times* (September 1, 1971) and his paper "The 'Military Factor' and the Czechoslovak Reform Movement: 1967-1968," in *The Czechoslovak Reform Movement* 1968, ed. by Vladimir V. Kusin (London, 1973); also in Czech, *Svědectví*, 11, No. 42, 1971.

(9) *Winter in Prague*, ed. by Remington, p. 397.

(10) "The Soviet Bloc: An Appraisal", *op.cit. The New York Times* and *The Washington Post*, September 2, 1968.

(11) *XIII. sjezd Komunistické strany Československa* (Prague, 1966), pp. 165-172.

(12) *Rudé pravó*, February 23, 1968.

(13) *Pravda*, May 8, 1968; *Rudé pravó*, May 7, 1968; Václav Král, *Československo a Sovětský svaz 1917-1971* (Prague, 1971) p. 76. Kral corroborates report by Vasil Bil'ak, at the September 1969 plenum of the Central Committee of the Communist party of Czechoslovakia, according to which the Soviets requested the stationing of their troops

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in Western Czechoslovakia during their conversations with Dubček in May 1968. See also Ivan Pfaff, "Mohli jsme se branit?", *Proměny* (Vol. XII, No. 3, July 1975), pp. 6-23.

(14) *Rudé právo*, May 23, 1968.

(15) *Pravda*, July 18, 1968.

(16) *Svědectví*, 10, No. 38, 1970.

(17) *Winter in Prague*, ed. Remington, pp. 214 ff.

(18) *Ibid.*, pp. 220 ff.

(19) Josef Kalvoda, "Případ generála Václava Prchlíka," *Národ* (Chicago, June 12, 1971).

(20) *Pravda*, October 5, 1968.

(21) Král, *Československo a Sovětský svaz*, p. 92.

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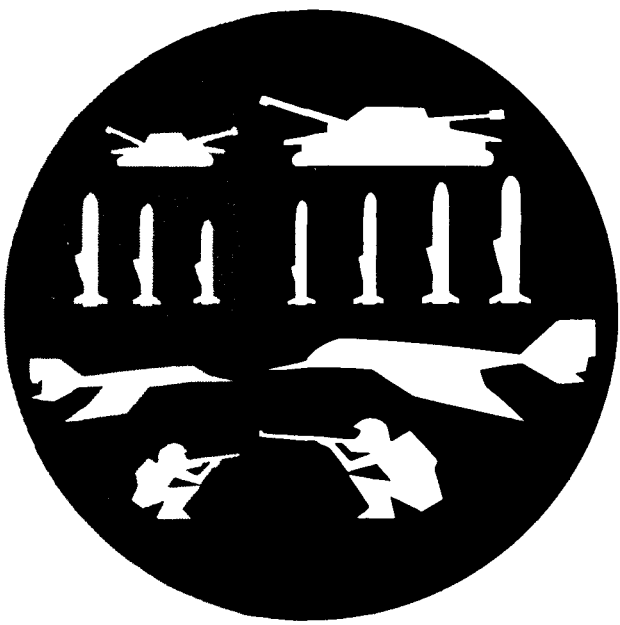
# A New Strategy for the West

Daniel O. Graham



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# SOME NORMATIVE CONSIDERATIONS OF DEREGULATION*

By Tibor R. Machan

## The Problem

In recent years, economists have amassed evidence about the effects of government regulation of people's economic affairs. (1) The general consensus among scholars is that, by the standard economic measures of cost and benefit, the government's regulatory policies and actions have failed. In a number of studies it has also been shown that the avowed goals of regulation have not, in fact, been achieved by regulation. Comparative analyses show, on the other hand, that in the absence of regulation those same goals *are* being attained. (2)

Despite the wide acceptance of the methods employed in these studies, the results have not produced the deregulation that they would appear to warrant. (3) In view of the lack of significant progress in that direction, some have advanced theories aiming to explain why deregulation is not proceeding. Henry G. Manne, for example, has proposed that bureaucrats are acting in the pursuit of their self-interest, which results, in part, in their refusal to institute deregulation measures. Revising his theory in some measure, Professor Manne later proposed that, in addition to the bureaucrats, the managers of regulated firms are acting in pursuit of their self-interest. (4) So both regulators and the regulated, acting from economic self-interest, promote regulatory activities in the face of evidence showing the failure of these in terms of costs and benefits or of their avowed purpose.

Several other economists and legal theorists have also focused on the issue of why deregulation is not proceeding. (5) I will not attempt here to summarize the findings or theories of these economists but merely note that the method of analysis employed by them draws heavily from the standard 'economic man' model of human behavior. For example, Professor Milton

* Some of this work was undertaken during my tenure as a National Fellow at the Hoover Institution on War, Revolution and Peace, 1975/76. I wish to thank Marty Zupan and Thomas Haggard for their invaluable assistance, hopefully consequential, in the preparation of this essay.

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Friedman uses this model in a recent non-technical article when he claims that "every individual serves his own private interest . . . . The great Saints of history have served their 'private interest' just as the most money-grubbing miser has served his interest. The *private interest* is whatever it is that drives an individual." (6)

I want, instead of scrutinizing the economic approach to the problem of regulation and deregulation, to propose a different explanation for why despite the economists' findings there is no serious move toward deregulation. The fact is that proponents of deregulation are not presenting a poweful and persuasive moral case. They are arguing *solely* from the "efficiency" perspective – and they argue from this perspective because they ultimately deny the ability of human beings to know moral truth. As one author of an economic textbook maintains, "As an economist, it is *not* his job to spit out a bunch of 'I believes,' but rather, 'the implications will be thus and so'." (7) The implications, however, of the 'economic man' model of human action for purposes of understanding the conduct of regulators preclude any consideration of motivation based on moral or political convictions – or, alternatively, such an approach subsumes such motivation within the more general idea that we all are driven to serve our private interest. Both the rejection and subsumption of normative motivation effectively eliminates the possible additional significance of normative considerations for purposes of understanding such public affairs as the future of government regulation of the economy. Indeed, both of the major advocates of the free market economy, although they approach economics from somewhat different theoretical frameworks, reject either the possibility of moral truth (Friedman) (8) or the appropriateness of normative considerations in this context (Hayek). (9)

On the other hand, those who reject the free market economic system, including those who advocate numerous vigorous government regulatory measures, do base their recommendations on various ethical principles which, they believe, override the call for efficiency and, therefore, economic liberty as advocated by the economists. They also have, therefore, an argumentative edge in the general public debate about the free versus planned economy and, in particular, about the

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issue of whether to deregulate or to continue, even increase, government regulation.

For example, Ralph Nader, John Kenneth Galbraith, and political leaders of the outlook of the late Senator Hubert Humphrey clearly accept that we can arrive at conclusions about what is right and wrong for governments to do apart from what is efficient or expensive. Others, such as the influential socialist social philosopher Michael Harrington, advance an entire philosophical theory in support of their call for government *control*, not just regulation, of the American economic system. (10) Again, such philosophers as John Rawls, Thomas Nagel, Thomas Scanlon, and George Kateb make no secret of their view that we can identify some basic ethical principles of justice and equity that should guide us in forging government policy. (11) Thus we find Professor Roger Noll commenting in a recent discussion about whether to establish an agency for consumer advocacy:

> My conclusion, after reading what everyone else has said about the consumer advocacy agency, is that I cannot understand why people are so strongly opposed to it or so strongly in favor of it. If I were forced to vote, I would vote for it – because I accept the *principal argument for it* – that the consumer advocacy agency will promote justice and fairness. (12)

Ralph Nader too states that "it is important to look at regulation issues in terms of the needs of society . . . . we should ask ourselves what human purposes regulation fulfills, whether it is just or unjust." (13)

It will be worthwhile, then, to consider whether outside the economists' case showing the inefficiency of government regulation there might not be a more forceful (non-skeptical) argument in support of freedom in general and deregulation in particular. The idea is to see if there is a theoretical basis not only for the economic discussion but for the ethical and political discussion. It is no secret that among those who are now supporting deregulation, economists dominate the discussion. The modest aim of this paper is to examine some themes that would, at least, balance the discussion outside the economic framework or, at most, make a case for the moral and political priority of liberty within the context of public policy. None of this is to dismiss entirely the usefulness of

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economic explanations of why deregulation is not proceeding. When concern for ethical issues and political justice seems to support regulation, it is not unlikely that many will join in support of such a policy who are really simply seeking to preserve their vested interests by giving lip-service to such concerns, provided that the normative ideas promulgated are never challenged head on. In addition, the intellectual climate itself discourages fundamental changes in the moral perspectives of influential people in society and government, partly due to the very method economists opposed to government regulation employ. (14) In view of the apparent influence of some normative considerations – noted above – and the recent theoretical concern with arriving at rational social policy via the economic man model, (15) it will be useful to consider some of the ethical and political (normative) ideas that might indeed give support to the free society and, thereby, to deregulatory efforts.

My plan is to introduce some normative considerations that are pertinent to the possibility that government regulation is wrong or improper public policy. I will then sketch a *moral* case for the value of political liberty, that is, the political basis of the free market system and of deregulatory policy.

## The Normative Case for Freedom

Within a very plausible framework it can be shown that government regulatory activities are wrong, improper, indeed immoral – where this means that they fall within the class of activities, policies, or institutions that can rationally be considered as unjustified on grounds that a standard or principle of human conduct is being violated. The idea is not that such practices are legally unjustified, of course, if by "illegally" we mean only that the legislative and judicial practices of our society have been adhered to more or less faithfully. But it is possible, in a different sense of "legal" or "lawful," to regard some established public policy as lawless, if, that is, we mean by "lawful" an adherence to fundamental conditions of human community life (as this is meant within the tradition of natural law legal and political theory). (17)

Instead, however, of a concern with legality, which is today mostly conceived along lines of legal positivism, the present discussion will focus on the extra-legal question of what kind of

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public policy should be followed. The issue is not whether the kind of policy that should be followed may be followed ineptly, unprofessionally, incompetently – the most appropriate of policies (e.g., the military defense of a country) can be mismanaged by governments or other groups of people. The point is whether as a certain kind of agency in a human community, government should assume certain functions, such as the regulation of the economy. (18)

With these preliminaries mentioned, let us consider what may be good reasons, from the normative point of view, to oppose government regulation and to support deregulation. We can admit at the outset that the *goals* that are pursued in our day via coercive government regulation can be important, even if we would conclude that such coercive methods are not the proper means by which to pursue them. Such goals are certainly of value to some members of a human community, even though one would probably have to challenge their frequent characterization as public goods or as being in the public interest. (19) For example, meeting health care needs is valuable for those in such need, preserving the wilderness is valuable for those who are inclined to enjoy the outdoors, and fostering the arts is valuable for art lovers. Even more, securing safety in food and drug manufacture would probably benefit everyone.

There are other morally crucial matters to be considered, however, aside from the admitted value some of these goals have for various members of the community. As an example, consider the principle of justice whereby, when accused of a wrong-doing, a person's guilt must be demonstrated before penalty or punishment is imposed. In the ordinary criminal proceedings such considerations fall under the legal principle of due process. This principle is usually conceived as specifying the need for the state to follow the law, including that portion of it that requires that an accused be proven guilty before any action is taken that can be construed as punishment. The normative underpinning of this idea is, generally, that without a demonstration that the accused is indeed guilty of having wronged someone (or violated a law that stands to protect the rights of the members of a society), *there is no justification for placing burdens upon him*, e.g., for depriving him of liberty or property.

Of course once some laws are in effect, all the state needs

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to do to satisfy the due process requirement is to demonstrate that these laws have been violated. Yet there is a more stringent way of understanding the idea of due process, one that is not so widely considered, even by legal theorists, in our times. Sometimes it may be argued that inherent in certain types of legislation we find an abridgement of due process, at least if this idea is understood to involve considerations of justice that are extra-legal and not merely statutory. (In tyrannies or dictatorships we can observe due process if by this we mean only that statutes are followed consistently; but we may argue that certain statutes should never have been permitted to become part of the legal system, and we may insist that their having become part of the system is itself a violation of due process, that is, an abridgement of the proper domain or limits of governmental action.) If, for example, the constitution or legal code of a just human community should prohibit statutes abridging freedom of speech or contract or trade, then any legislation or related procedure which has in fact established such statutes must be construed as undue. It is in this broad, substantive instead of procedural sense of the idea of due process that it can be argued that various statutes of our legal system fail to respect the principle of due process. But whatever the term "due process" may be used to mean – admitting that today it is far from being used in this sense – the idea is clear enough. Government regulatory practices have led to the result that prior to having violated anyone's rights or having imposed any harm or caused any injury to others, members of various industries, professions, and other commercial associations are made to suffer burdens. True, these burdens are required by legally well-founded statute, (20) but this can be said, as noted above, of the burdens that tyrannies or dictatorships impose on the members of the communities they rule by brute force. This brute force *is* "backed" by law of a certain kind. It is not at all impossible that various less drastic impositions on the members of our society constitute merely less brutal but still unjust exercises of force, backed by unjust legal measures.

The upshot of these remarks is that there is a firm and well developed moral objection to the bulk of government regulation, namely, that such regulation declares the regulated parties guilty and deserving of numerous burdens without it having been demonstrated that those burdened are guilty of violating

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anyone's rights and, therefore, deserving of shouldering the imposed burdens. The point is, to stress the matter again, moral, not legal. The toy maker, dress manufacturer, barber, or restauranteur who is forced by the state to meet various requirements set by a regulatory agency, thus forced to incur expenses, hardship, even ruin, (21) simply *has* not done anything wrong to another person. It is true, any one of these individuals or groups of individuals might do (i.e., is capable of doing) such harm. Yet it is also true that anyone might murder (i.e., is capable of murdering) someone, but this does not seem to be regarded as sufficient grounds for government imposition of anti-murder regulations. It seems sufficient, and certainly more just, to make murder illegal. Would it not seem comparably sufficient and just to regard various forms of injury to others illegal? — so that once some manufacturer has engaged in conduct injurious to others — or is regarded to be probably engaged in such conduct (within the framework of the idea of probable cause or clear and present danger) — he is liable to criminal charges. This admittedly cumbersome procedure, due to citizens in numerous other circumstances, is shortcut by way of government regulation of manufacture, etc., not although, without serious consequences (as, to emphasize again the value of the economists' work on the subject, this is demonstrated by the results of such measures of preventive justice).

Let me illustrate how the above considerations have a bearing on arguments for government regulation based on moral considerations. The following points are raised by Ralph Nader in support of such government policy (although Nader, as most other advocates, is not an unqualified champion of the various regulatory agencies):

> As you know, there are too many useless drugs in the market-place. The National Academy of Sciences documents this. Many of these drugs should be taken off the market. I think if you read the Senate Small Business study of the assertion ["for every case you can bring up of a drug that slipped by the Food and Drug Administration and has been harmful to some people, you can bring up dozens of cases of the Food and Drug Administration going too far"], you'll see that they simply are not supported by the evidence. What we do know is that

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> fortunately our Food and Drug Administration stopped the drug Thalidomide, which caused 10,000 deformed births in Western Europe and Japan, from coming into this country.
>
> I really think that what we have to ask ourselves in this discussion is, to what extent can these agencies reflect the value system of a population by operating openly, accountably, and subject to citizen or consumer participations? (22)

Nader and others accept the view that useless drugs, as well as ones that might have some side effects that are harmful, but by standard testing procedures do not indicate such a probability, "should be taken off the market," that is, their manufacture and sale should be legally prohibited. He is not speaking of what *manufacturers* should do themselves, as a matter of their moral responsibility, but what should be forced upon society. And he calls this approach justified because he believes that "these agencies" of prohibition would "reflect the value system of a population, etc.," even though it is certainly very doubtful that the exercise of force is the means by which the value system of a society should be reflected. It is of the essence of a virtuous citizenry that it practices its virtues *voluntarily*.

Nader is also convinced that government should act to prevent individuals from injuring themselves and other individuals from participating in the self-injury of others (or by selling them the means to do it). The alternative is to leave citizens to take preventive measures and to call upon government only when demonstrable injury from others (which is not consented to) is at issue – not for purposes of prevention but for purposes of protection and retaliation, the valid purposes of a government of a free society. This preventive conception of proper government policy is well illustrated by Senator Jacob Javits's reply to a question regarding the alleged need for regulation of Vitamin C production, sale, and consumption:

> While we protect the right of the individual to buy vitamins, we must at the same time safeguard him and those individuals who may be not aware of the dangers of potential over-use of vitamins against the possible hazards. (23)

To these sorts of arguments the present normative

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perspective supplies the following reply: Individuals have as their responsibility in life to pursue their well-being while at the same time refraining from interfering with the similar pursuits of others. The desire to "help" others by directing their lives may be strong, but to yield to this desire is to undermine the very human dignity of the person who is being benignly coerced. In a society that accords with the principles based on the political theory of natural human rights to life, liberty, and property (with government assigned the role of serving its members by protecting and preserving these rights), paternalism is not authorized. Where such paternalism is legally authorized, the laws should be changed. Deregulation of the economic system is a species of the kind of change that will accomplish bringing the legal system into accord with the crucial normative principles at issue; therefore, deregulation should be pursued. (24) To put the matter differently, in line with the points raised as to placing burdens on people only after they have been shown to have violated the rights of others, deregulation should be pursued because government regulation of the kind we have discussed is a violation of the basic rights of individuals, derived from all persons' responsibility to pursue success, well-being, and overall excellence in their particular lives.

Of course, the foregoing normative approach will not accord with the normative approach presupposed in the argument Mr. Nader and others have advanced. (25) But here the issue is at least being faced at the level at which the relevant discussion has occurred, namely, the normative validity of government regulation in general. And, in addition to the relatively narrow normative point raised above — based, however, on a broad normative framework — some other objections may be mentioned concerning the practice of government regulation. Regulatory policies are inherently redistributive; that is, they involve the seizure of earned income for purposes of allocating this income in ways the government's policy makers believe are more important than do those whose income has been seized. By not allowing the people to live with the choices they have made, the government is engaging, via the redistribution of funds, in the assignment of priorities against their expressed choices (e.g. the widespread opposition of the public, as indicated by public opinion polls, to enforced and costly school busing programs).

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Within the normative framework of the present essay it is improper for government to obtain funds for purposes other than providing the protection and preservation of the rights everyone in the society possesses. The latter purposes, such as national defense, maintenance of judicial and policy provisions, and the related technical services, are to everyone's objective benefit, and so do not involve any policy of income redistribution.

But this is not the case with the kind of public interest theory to which Mr. Nader and his friends adhere. The following exchange between Nader and former California governor Ronald Reagan brings to light the problem with Nader's conception of the public interest, as well as with some aspects of government regulation:

> Reagan: . . . I would join any propaganda or public relations campaign to urge motorcyclists to wear helmets – since I happen to think anyone is foolish to ride a motorcycle at all and very foolish to do so without a helmet. But I don't think government has any business telling a person he has to wear a helmet . . . a person who wants to ride a motorcycle without a helmet is only endangering himself, and I don't think it is any of government's business . . . .
>
> Nader: Of course, if a motorcycle operator who is not wearing a helmet is in an accident and is sprawled on the highway, you would expect a police car, taxpayer-paid, to drive the victim to a taxpayer-paid hospital; and you could expect the risk of secondary accidents to increase with the motorcycle driver sprawled on the highway unconscious – which he wouldn't be if he were wearing a motorcycle helmet.
>
> It isn't that simple. If you are on your own private road on your farm and you don't want to wear a motorcycle helmet, fine, I agree with you . . . . (26)

First, Nader evidently has a point, but only because the public domain today includes virtually every domain of society. Most everything is touched by the taxpayer and is, thus, taxpayer-paid in some measure. In line with Nader's reasoning there really should be very few domains, if any, left to private choice. One might wonder, for example, whether Nader supports freedom of speech, since most speech is performed on property that comes under some kind of government jurisdic-

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tion. Broadcasting news, for instance, is carried on the public airwaves. Newspapers are distributed on public street corners. Art shows are presented in public museums. Books are mailed through the public mails.

But this simply accentuates the imperative not only to commence deregulation but to disengage the various levels of government from the numerous private and voluntary social spheres that they now invade. As to what remains, properly, within the jurisdiction of governments, the issue is not government regulation but public management or administration. Because today there is no principled distinction between the private and the public spheres of life in the United States, not to mention in other countries, the issue of deregulation needs to be considered carefully enough to observe that what seems to be government regulation is in fact government management or administration. Yet the confusion that exists in view of these considerations should not be permitted to obscure the virtue of proceeding with deregulatory efforts where they apply. Governor Reagan's reply to Nader's argument did not heed this point, so that he simply admitted that he finds "it very hard to determine what exactly victimless crimes are" and that "there is a gray area in all of these things." (27) He also said that a person in a motorcyle accident "is going to be somewhat disabled and will end up lying on the highway with or without the helmet," to which Nader responded by citing studies that allegedly show that what the Governor said is "not true." (28)

That is not the way to discuss these issues, but when those party to these discussions haven't the moral frame of reference from which to object to what they vaguely perceive to be unjustified government intrusion into the lives of individuals, one cannot really expect better results.

### In Summary

The thesis of this paper is that government regulation of people's commercial activities is wrong because it violates certain provisions of justice derivable from the theory of natural rights (a la John Locke) and the underlying morality of ethical individualism. (29) Some of the points raised in support of the free society and deregulation can be expressed in the language of law, provided it is recalled that it is not

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simply positive law but law conceived as a system of justice that is being referred to. Thus reference to the concept of "due process" should be understood simply as an attempt to stress the possible connections between the idea of justice that this concept gives expression to and some existing legal system that is intended to abide by this idea of justice. (The point is most clearly discussed in connection with the debate about whether the U.S. legal system is committed to substantive due process or merely procedural due process, especially in relation to economic or commercial aspects of human conduct.) (30)

It is not the thesis of this paper that if these normative considerations are heeded and make their way into our legal system there will be perfect attainment of the goals now sought via government regulation. Nor does my argument rest on the view, held by some, that all government regulation must be inefficient; on occasion regulatory measures taken by government can have overall beneficent results – *e.g.*, in the particular instance of Thalidomide. This paper does not *reject* the research that has convinced many economists of the economic inefficiency of government relation; it merely rejects the idea that such economic arguments suffice to make the case for deregulation. Economic arguments must be supplemented by normative arguments.

With both the economic and the moral position well developed, however, the case for the ever-widening network of government regulation and coercive economic control is clearly seen to lack legitimate foundations.

## FOOTNOTES

(1) See, e.g., Nicholas A. Ashford, *Crisis in the Workplace: Occupational Disease and Injury* (Cambridge: M. I. T. Press, 1976); Lee Benham, "The Effects of Advertising on the Price of Eyeglasses," *Journal of Law and Economics* 10 (1972); John F. Cady, *Restricted Advertising and Competition: The Case of Retail Drugs* (Washington, D.C.: American Enterprise Institute for Public Policy Research [hereafter cited as AEI], 1976); Rita Ricardo Campbell, *Drug Lag* (Stanford, CA: Hoover Institution on War, Revolution and Peace, 1974); H. J. Levin, "Federal Control of Entry in the Broadcast Industry," *Journal of Law and Economics* 5 (1962); Thomas Gale Moore, *Trucking Regulation* (Washington, D.C.: AEI; Stanford, CA: Hoover Institution, 1976); Sam Peltzman, "An

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Evaluation of Consumer Protection Legislation: the 1976 Drug Amendments," *Journal of Political Economy* (1973); Richard A. Posner, *The Robinson-Patman Act* (Washington, D.C.: AEI, 1976); Lynn Sagalyn and George Sternlieb, *Zoning and Housing Costs* (New Brunswick, N.J.: Center for Urban Policy Research, Rutgers University, 1973); Murray L. Weidenbaum, *Government Mandated Price Increases* (Washington, D.C.: AEI, 1975); idem, "Reducing Inflationary Pressures by Reforming Government Regulation," in William Fellner (ed.) *Contemporary Economic Problems* (Washington, D.C.: AEI, 1976). Further work on safety, trucking, airline, and other regulation has also been published by AEI.

(2) See the citations in note 1 for Ashford, p. 13, Benham, Cady, Peltzman, and Wiedenbaum ("Reducing Inflationary Pressures," pp. 274-80).

(3) See Friedman, *An Economist's Protest* (Glen Ridge, N.M.: Thomas Horton, 1972); Stigler, *The Citizen and the State* (Chicago: University of Chicago Press, 1975); Moore, *Trucking Regulation*; Brozen, "Wage Rates, Minimum Wage Laws, and Unemployment," in T. R. Machan (ed.), *The Libertarian Alternative* (Chicago: Nelson-Hall, 1974); Manuel S. Klaunser and Robert Poole, Jr., "Working within the System: An Interview with Sam Peltzman," *Reason*, June/July 1972.

(4) Henry G. Manne, "Capitalism: The Impossible Dream?" Business, Education, Media Series (Malibu, CA: Pepperdine University, 1974); idem, address to the Philadelphia Society, Chicago, Illinois, April 18, 1976.

(5) See George Stigler, *Citizen and the State*; Sam Peltzman, "Toward a More General Theory of Regulation," *Journal of Law and Economics* 14 (1976); Paul W. MacAvoy (ed.) *The Crisis of the Regulatory Commissions* (New York: Norton, 1970).

(6) Milton Friedman, "The Line We Dare not Cross," *Ecounter*, November 1976, p. 11. This is perhaps one of the clearest statements of the position. For the history of the concept of interest, see Albert Hirschman, *The Passions and the Interests, Political Arguments for Capitalism before Its Triumph* (Princeton: Princeton University Press, 1977).

(7) Augustus J. Rogers, III, *Choice: An Introduction to Economics* (Englewood Cliffs, New Jersey: Prentice-Hall, 1971), p. 2.

(8) Joe Cobb, Tibor Machan, and Ralph Raico, "An Interview with Milton Friedman," *Reason*, December 1974, p. 5.

(9) Tibor R. Machan, "Economics, Politics, and Freedom: An Interview with F. A. Hayek," *Reason*, February 1975, p. 11.

(10) e.g., in his *The Twilight of Capitalism* (New York: Simon & Schuster, 1976).

(11) John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971); Thomas Nagel, *The Possibility of Altruism* (Oxford: The Clarendon Press, 1970), Thomas Scanlon, "Preference and Urgency," *Journal of Philosophy*, November 6, 1975; George Kateb, "The Night-watchman State," *American Scholar*, Winter 1975-76.

(12) "The Dilemma of Consumer Protection," in W. S. Moore (ed.),

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*Regulatory Reform* (Washington, D.C.: American Enterprise Institute, 1976), p. 44 (emphasis added).

(13) Eileen Shanahan (moderator), *Government Regulation: What Kind of Reform?* AEI Roundtable, September 11, 1976 (Washington, D.C.: American Enterprise Institute, 1976), p. 2; see also David Ferber, "The Case Against Insider Trading," *Vanderbilt Law Review* 23 (1970); 622; Edwin M. Zimmerman, "The Legal Framework of Competitive Policies Toward Regulated Industries," in Almarin Phillips (ed.) *Promoting Competition in Regulated Markets* (Washington, D.C.: Brookings Institution, 1975).

(14) A critique of this method as a general approach to the study of human action may be found in A. R. Louch, *Explanation and Human Action* (Berkeley: University of California Press, 1966); Isidor Chein, *The Science of Behavior and the Image of Man* (New York: Basic Books, 1972); Tibor R. Machan, *The Pseudo-Science of B. F. Skinner* (New Rochelle, New York: Arlington House, 1974).

(15) Two prominent examples of influential formal arguments critical of the very possibility of policy making from within the empiricist-utilitarian perspective are Kenneth Arrow, *Social Choice and Individual Values*, 2nd ed. (New York: John Wiley, 1963) and Amartya Sen, *Collective Choice and Social Welfare* (San Francisco: Holden-Day, 1970).

(16) I develop a more detailed argument than is possible to produce here in my *On Petty Tyrannies: Morality and Government Regulation* (Unpublished manuscript prepared for the Hoover Institution on War, Revolution and Peace, 1975-76). The general framework for the present discussion is developed in my *Human Rights and Human Liberties* (Chicago: Nelson-Hall, 1975), "Recent Work in Ethical Egoism," *American Philosophical Quarterly* (forthcoming), and "Natural Rights and Morality," *American Journal of Jurisprudence* (forthcoming).

(17) For an elaboration of these points see my "Law, Justice and Natural Rights," *Western Ontario Law Review* 14 (1975), and "Human Dignity and the Law," *DePaul Law Review* 26 (1977). The general background which gives rise to these discussions of the nature of law is fully recounted in Shirley Robin Letwin, "Modern Philosophies of Law," in R. M. Hutchins and M. J. Adler (eds.) *The Great Ideas Today* (Chicago: Encyclopaedia Britannica, 1972). For a modern positivist treatment of law, see Gordon Tullock, *The Logic of Law* (New York: Basic Books, 1972).

(18) By concentrating on government economic regulation I do not wish to give the impression that I consider other coercive governmental practices above criticism.

(19) For a detailed examination of the concept of "public," see my "Rational Choice and Public Affairs," *Theory and Decision* (forthcoming). For a discussion of the public interest, see my "Some Considerations of the Common Good," *Journal of Human Relations*, Fall 1970. See also Robert F. Sasseen, "Freedom as an End of Politics," *Interpretation*, Winter 1971. For a clear statement of a contrary, welfare statist position see Thomas C. Grey, "Property and Need: The Welfare State and Theories of Distributive Justice," *Stanford Law Review* 28 (1976), and Nicholas

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Rescher, *Welfare* (Pittsburgh: University of Pittsburgh Press, 1975).

(20) For historical accounts of the developments of legal trends favoring government regulation, see Jesse S. Rapheal, *Government Regulation of Business* (New York: Free Press, Macmillan, 1966); Richard Posner, *Robinson-Patman Act*, op. cit., pp. 17-34; William Letwin, *Law and Economic Policy in America* (New York: Random House, 1965); idem, ed., *Documentary History of American Economic Policy* (Chicago: Aldine, 1962), and Jonathan R. T. Hughes, *The Governmental Habit* (New York: Basic Books, 1977). Some legal precedents to the full legitimation of federal government economic regulation include *United States* v. *E. C. Knight Co.* (1895) and *National Labor Relations Board* v. *Jones & Laughlin Steel Corp.* (1937).

(21) Generally when regulation of business is discussed in the popular media, or even in economic and philosophical journals, no consideration is given to the question whether such regulation might not have devastating consequences on the lives of those involved. Since those consequences tend to be gradual and thus are unavailable for purposes of presenting a sensational picture, they are generally treated as non-existent. Yet there is evidence that government regulation often produces severe hardship for those touched by it. See, for example, Raymond D. Walk, "Analysis of Shipment Trends and Foundry Closings in the U.S.," *Modern Castings Market Insight*, publication no. 739, March 31, 1975. See, also, "CPSC Mistake Leaves Company Clinging for its Life," *Industry Week*, November 4, 1974. For more detailed discussion of these matters, see Murray L. Weidenbaum, *Business, Government, and the Public* (Englewood Cliffs, New Jersey: Prentice-Hall, 1977), and Kenneth Chilton, "The Impact of Federal Regulation on American Small Business," prepared for the Center of the Study of American Business, Washington University, St. Louis, Mo. (forthcoming in *Reason* magazine).

(22) In Shanahan, *Government Regulation*, op. cit., p. 7.

(23) Personal communication on U.S. Senate letterhead, November 1, 1973.

(24) Tibor R. Machan, *Human Rights*, op. cit.; see also Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974) for more details pertinent to this general framework.

(25) But see note 11, above.

(26) In Shanahan, *Government Regulation*, op. cit., pp. 3-5.

(27) *Ibid.*, p. 5.

(28) *Ibid.*

(29) See Machan, "Natural Rights and Morality," op. cit.

(30) See, e.g., Robert G. McClosky, "Economic Due Process and the Supreme Court," in P. B. Kurland (ed.) *The Supreme Court and the Constitution* (Chicago: University of Chicago Press, 1965) and William Letwin, "Economic Due Process in the American Constitution, and the Rule of Law," in R. L. Cunningham (ed.) *Law & Liberty, Essays on F. A. Hayek* (Lubbock, Texas: Texas Tech. University Press, 1978). See, also, J. Roland Pennock and John W. Chapman (eds.) *Due Process* (New York: New York University Press, 1977) and Rodney L. Mott, *Due Process of Law* (Indianapolis: The Bobbs-Merrill Co., 1926).

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# TYF YR HYN SYDD O'H HYN FU: AN ANALYSIS OF WELSH NATIONALISM

By H. W. J. Edwards

Mr. Tom Ellis, senior burgess for Wrexham in the British House of Commons at Westminster, has written in *Socialist Commentary* (1977): "It is a sad commentary on the state of socialist theory in Wales that some proclaimed Leftists not only fail to see (that Welsh language activists are in the vanguard of the true struggle for socialism) but actually denounce defenders of the language as privileged cultural élitists." Mr. Ellis' article makes the thesis that members of Cymdeithas yr Iaith Gymraeg (1) and Adfer (2) together with those who campaign for more schools where Welsh is the medium of instruction are attacking the capitalist system at its weakest point. The movement, he contends, is part of a struggle among many nations within Europe against the centralism, hierarchy and uniformity of capitalist state structures especially those in "Britain," Spain, and France: it is difficult for Welsh left-wingers to grasp that the socialist struggle against capitalism has a cultural content as important as the more popularly understood economic goals.

He then denounces the Welsh nationalist movement, Plaid Cymru, for proposing to build its own Welsh 19th century-style sovereign state, rather than work for a European union based on decentralized communities, cutting out the nation-state structure. "The aim of the Left in modern Europe must be the dismemberment of the nation-state and the establishment in its place of a political structure better designed for leading mankind out of the awesome impasse which it has led itself into." (Someone like Mr. Harry Worth might well wonder what substantives "it" and "itself" stand for. "The left," "the nation-state" or "mankind"?)

Mr. Ellis quotes the existentialist, Sartre, who has asserted that to speak an oppressed language is a revolutionary act which effectively attacks capitalism at its softest spot, and that the major threat to capitalism comes from the rejection by nationalists of the conformist authoritarianism and ethnic hierarchy implicit in a multi-ethnic state system.

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### A Myth Within a Myth

This argument is by no means new, even if it be presented in a new manner. Indeed, the strongest element today within Plaid Cymru (The Welsh Nationalist Party) tries to present itself before the Welsh electorate as essentially anti-capitalist and the residuary legatee of some allegedly authentic Welsh socialism. One may express surprise that Mr. Ellis has not met the many members of Plaid Cymru (including at least some of their senior burgesses at Westminster) who show that they dislike the sovereign state and plead for some international *justitia* which would reduce the sovereignty of nation-states. Still, I am no counsel for Plaid Cymru: I would rather seek to expose as false the myth of a "Welsh radical tradition" inseparably connected to the Welsh tongue. I cannot avoid noting that Plaid Cymru has little to say upon Welsh law; and its "history" tends to magnify the near-past at the expense of the total history and especially the genesis of Wales as a nation. A few Welsh Nationalists, notably the great Celticist, Arthur Wade-Evans, and a former president, the chaired bard of Plaid Cymru, Saunders Lewis, criticized and criticize the party because of its leftward twist and its determination to use the near past in its political calculations. One would recommend this political party to familiarize itself with Welsh law and Welsh history which reveals a kinship-oriented, hierarchical social system rather than a socialist-equalitarian bureaucratic society.

But the Welsh radical-socialist myth is a myth within a myth: the myth of revolution itself and that very revolution necessarily bound up with blocs within a semi-circular parliament of European type, and those blocs being called "the Left."

### "A Work of Art and Time"

I apologize for this incursion into party politics for which I have no taste, as Mr. Gwynfor Evans, president of Plaid Cymru, observed in 1961. My only concern is that what we may call philosophical liberalism and its offspring have provided their adherents with what their adherents believe is a monopoly of the social conscience, especially in matters having to do with "race," a word they use in the most dissipated sense. A Labor M.P. for a Welsh constituency, Mr. Neil Kinnock, has just

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coined the term, "linguistic racialism," in order to attack some alleged insistence of schoolteachers in Ynys Môn (Anglesey) that children should ask in Welsh permission to go to the lavatory. The truth is that the Left in Great Britain is split down the middle upon the question of language, (3) especially regarding the Welsh language. But while the Welsh belong to the same Caucasoid race as the English, with perhaps some greater element of the Western Mediterranean or Atlantic-Mediterranean sub-race (which they share with their Cornish "Cousin Jack Welshmen") it is the concept of nation – what Disraeli called "a work of art and of time" – that primarily plays its part in distinguishing the Welsh from the English.

It is the habit of many Welshmen who dote on radicalism to portray ancient Welsh society as equalitarian. Even though a certain love of liberty possessed the Welsh, Welsh society was never equalitarian (to confuse liberty with equality is a common blunder). Every year, thousands of Welshmen congregate at a chosen place where the royal and national eisteddfod assembles. This eisteddfod (a session) existed centuries before a certain romantic man of Glamorgan, Iolo Morgannwg, invented a series of rituals complete with vestments, the horn of plenty and so on. The function of the original eisteddfod was similar to that of a meeting of a medieval guild: to award the title of bard to someone who qualified by his masterpiece. Wales was traditionally divided into several kingdoms, or principalities, and the bardic chair, then, as now, highly coveted, was only the eleventh chair in the hierarchy of honor in the hall of a Welsh prince. Welsh society knew both honor and inequality.

Welsh law, moreover, differed fundamentally from English law in that its enactments supported inheritance by *gavelkind* in contrast to federal principles of primogeniture. This led directly to the creation of the *gwerin* class. I have been asked many times by English people whether a gwerin was the same as a yeoman. It was not the same. A Scot might come nearer to the truth by thinking of a member of the gwerin class as a bonnet laird. The gwerin were associated with the *gwely* or "bed." The radicals, who have sought to utilize Welsh nationalism as a force for socialist revolution, have attempted to portray the gwely, and the gwerin class associated with the gwely, as an example of the equalitarian and socialist tradition in Welsh

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culture. But this is inaccurate. While the gwerin were only one class in Welsh society, they belonged to the gwely as a member of a kinship group, and were by no means to be likened to the concept of a socialist cooperative.

**Descent from Princes**

It is no oddity that certain names tend to be found in one area of Wales rather than another. Johns is common in Pembrokeshire: it is not to be found in Northwest Wales where Jones takes it place. Some years ago I met a Hopkins in Anglesey. I asked her whether it was not a fact that she or her father came from Glamorgan. It was a fact. The names of Thomas, James and Nicholas are very common in the South-West (Dyfed). Jenkins, Morgan, and Evans are usually found in the south. Pugh, Pritchard (Prichard), Parry, Owen, Hughes (Huws), and Wynne (Gwyn) are generally found in the North, especially in the Northeast. Most Welsh surnames are patronymics, the letter *s* (at the end) or *p* or *b* (as in Bowen and Bevan) telling us the name of someone's father. (4) In the rolls of recusant Papists (Pabydd is not a derogatory term in Wales) one man of the gwerin class who refused to attend the services of the Reformed Church put his name down as Edward ap Morgan ap Gwilym ap Harry ap Thomas. Most Welsh at that time were illiterate, but they had good memories and prided themselves on their pedigrees. They had good reason to do so. Because of gavelkind, sooner or later, their pedigrees would reach to a petty prince. Vaughan, a name common in the Southeast, is a corruption of Fychan (little), and a sign that the person was descended from a petty prince. My own surname is chiefly found in the south. It has a Welsh form – lorwerth.

What is "Celtic" about Wales, as about Scotland and Ireland, was and still is to some extent the existence of a larger kinship group approximate to a clan. In Welsh society this was the commote. Unlike England, Wales had next to no serf class. Migrants to the Vale and other places, in the 12th and 13th centuries, generally lived in new townships e.g. Flemingston near Cardiff. They became enfranchised. But when Edward I and Edward II discussed the political relationships between Wales and England both English kings informed Llywelyn Bren, chief of the commote of Senghenydd, that, were Llywelyn to accede to the English proposals, his hillmen would

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be enfranchized. This made no sense to Llywelyn Bren or to others of his class or, indeed, to the hillmen in Wales as a whole. Enfranchizement just did not exist. They had no idea of it. They were already free, though not in the present accepted sense of freedom. That is to say, they assumed that men and property were subject to reciprocal rights and duties. Nothing comparable to the concept of ownership in fee simple entered their minds. Indeed, it seems that very few people in medieval Europe owned anything in fee simple.

## The "Rights of Welshmen"

The supreme blunder made by Welsh egalitarians is to assume that *gwerin* means "people." We have *probl* for "people." This is not, as may seem, a corruption of the English word but a corruption of the Roman *publici*. The tragedy of Wales is that one important social class, that of the *boneddigion*, ceased to be itself about the 16th century and became the *uchel mawr*, virtually a copy of the English squirearchy. I am glad to say that in the autumn of 1977 it fell to my lot as president of Cofiwn (5) to speak of a possible Welsh constitution which would arise from the social structure as found in the Welsh tradition. I contended that the uchel mawr needed to be reformed to become closer to the old boneddigion. But can I give any equivalent? The nearest I can find is the Scottish clan leader as he was before 1745.

I am bound to assert that the difference between the gwerin class and the boneddigion is not as great as some pretend. I have already suggested this by pointing to the Welsh gavelkind. The English yeomanry, a class of very great value as Cobbett was right in telling us, was never "gentry." But the gwerin of Wales must be considered as uncommonly close to "gentry." Alas, in the 18th century a number of Welsh radicals saw fit to prate of "the rights of man" in a manner which fascinated the gwerin. Gewallt, (6) a Welsh poet, did, however, at Abergavenny in 1948 in a long lecture point out that these radicals never wrote of the rights of Welshmen. Strangely enough, as it may seem to some, the revolutionary Sorel and the counter-revolutionary de Maistre pointed out that in practical matters there never are "men" but rather Frenchmen, Germans, Englishmen, and so forth. If the "rights of man"

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appealed to the gwerin of Wales, this was very probably because the gwerin were and still are skillful in the liberal arts. It is ordinarily to persons of the gwerin class that the great prizes for such work as the classical "awdl" are given (though members of the boneddigion, such as the Wynne of Garthewin or the Rhys of Dynefor, have sometimes been accomplished poets). To examine the word gwerin itself is important. It has one probable etymology, "gwreng a bon," a social class of gentle blood widely diffused and common only in that it is numerous.

It is thus a grave solecism to attempt to equate the gwerin with "the working class." Marx was right in a sense when he wrote that "the working class" has no fatherland. That many of the gwerin class today lack private productive property in no way takes from them their gwerin status. "Working class" hides identity rather than reveals it. Today's modern cities and boroughs also confuse the Welsh scene. To begin with several mining valleys in Southern Wales are greatly conurbated, so that two valleys complete with mountains (one near 2,000 ft) farms and lakes are described as the Borough of Rhondda. This area was once a commote, (7) and to many still is. Let us test it. Ask a man from Treherbert where he is from. He will not say "from Glamorgan." In Wales we find that the tradition of the commote is strong; and he will answer "I am a Rhondda man." It is the same with a man from Ystalyfera. Not a Glamorgan man, but "from Glyn Tawe." It is the same with someone from the Rhymney valley. Indeed, the stupid English division that split the latter valley into Glamorgan and Monmouthshire (Gwent) broke the tradition of "penmynydd" (mountain top) division. Even Caernarfon is so divided that a man from Abersoch will say he comes from Pen Lŷn, a man from Pwellheli from Llŷn and a man from Bangor from Arfon. (8)

**European Nationalism**

The genesis of European nationalism has nothing to do with "socialism" or what is called on the European continent "the party of movement." Breton nationalism began as a royalist movement and was opposed by the Jacobins. (9) The same was true for Frisian nationalism. It was left to the ultra-conservative de Maistre to defend the nation of Savoy against Garibaldi

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and Cavour. Finnish and Flemish nationalism is conservative. Indeed, Plaid Cymru recently declared that it would not work with Flemish nationalists because they were "of the Right." The ultra-conservative Carlists in the 19th century Spanish wars included many Basques, and in the Spanish civil war of this century there were still many hill Basques among the Carlists who fought with Franco. The Liberals and Socialists of Denmark, while admitting that South Schleswig is historically a part of Denmark, do not want it to rejoin Denmark, as the people of South Schleswig are conservatively minded. Mr. Ellis' case is at best adventitious and are worst meretricious. Let him ponder upon the ancient Welsh proverb: Tyf yr hyn sydd o'r hyn fu. What is grows from what was.

FOOTNOTES

(1) "The Welsh Language Society."
(2) "Restoration."
(3) Certain Labour M.P's for Welsh constituencies are declared opponents of the idea of devolution and have asserted that there is a danger of making the Welsh tongue paramount in a Welsh Assembly and elsewhere. The most prominent among them is Mr. Leo Abse, M.P. for Pontypool. On television he objected to being called "a Taffy" when in London. However, his views on this, as on the question of the "Welsh language," might well be affected by the fact that he himself is not of "Taffy" descent.
(4) The p or b are contractions of ap or ab (the latter before a vowel) so that ap Richard and ab Evan become Prichard or Bevan. A clear parallel can be found with O' and Mac.
(5) "Remember."
(6) This is his rightful bardic name.
(7) Its great leader was Cadwgan, ally a Glyndwr. A Rhondda "gloran" can claim descent.
(8) Just as Wales had few serfs, so it had no native burgesses save for those under the shadow of Norman castles. One of the few genuine burghs is Beaumaris, the citizens having a long tradition of courtesy. As late as 1857, as I see from a guide book of that year, Cardiff and Swansea were still small towns, Wales' largest conurbation then being Merthyr Tydfil. The contemporary conurbations only began to grow in the late 19th century, with the advent of immigrants – a large number coming from Ireland, a percentage of the population of Cardiff deriving from a Wessex background, with Scots also arriving under the patronage of the Marquis of Bute, a Gothic romanticist who built Cardiff Castle and the fairylike Castel-Cochn in the Taff Valley. Italians came "to the valleys" as cafe owners. Jews opened several synagogues in Cardiff, Merthyr Tydfil, Swansea, Greeks now have Orthodox Church in Cardiff, and Africans,

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mainly Somalis, reside in large numbers in Cardiff. Wales has hardly felt the recent incursion of immigrants from Asia and the West Indies, except there are now traders and doctors of Pakistani and Hindu origin, but in West Wales and North-West Wales, several Poles have settled on the land as farmers, and as at Lampeter, their children are bi-lingual (Polish and Welsh). Of all the recent immigrants they seem to have been the most easily accepted. A number of Ukrainians in or near Wales suffices to have the Byzantine Catholic liturgy three or four times a year in St. David's Catholic Cathedral in Cardiff. Several Welsh, including myself, cannot help noting that the timbre of the Ukrainian male voices greatly resembles of that of the well-known Welsh male voice choir; and this circumstance may well endear them to us.

(9) Some Breton nationalists were executed for fighting on the side of Germany. Others, notably the aged Father Perrot, who was assassinated when at prayer, suffered for their neutrality. Many including children were herded into concentration camps soon after the invasion by Gaullist soldiers, even though de Gaulle himself was of part-Breton stock.

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## BOOK REVIEWS

**PENNIMAN, R. HOWARD** (ed.)
*Ireland at the Polls*
American Enterprise Institute, Washington D.C., 210 pp., $4.75

Inflation and jobs were the basis for the surprise outcome of the 1977 national elections in the Republic of Ireland, according to a study published today by the American Enterprise Institute for Public Policy Research.

*Ireland at the Polls*, written by four of that country's leading political scholars, analyzes Irish society, its political and electoral systems and the 1977 campaign and election.

"The Irish general election of 1977 produced many surprises – an unexpected change of government, the highest vote for a single party and biggest parliamentary majority in the history of the state, the precipitate resignation of two national party leaders, the defeat at the polls of three cabinet ministers, and the embarrassment of virtually the entire corps of observers and commentators, academic and journalistic – all of whom failed to predict the outcome," write two of the authors, Brian Farrell and Maurice Manning.

The upset was pulled off by the Fianna Fail Party, out of office since 1973, at the expense of the incumbent National Coalition of the Fine Gael and Labour Parties.

Farrell and Manning are lecturers in political science at University College in Dublin, and authors of numerous books on Irish politics. Farrell is also the senior current affairs presenter on Irish National Television and Manning a commentator for Irish National Radio. Farrell and Manning join in analyzing the 1977 campaign and election in Chapter 6 of *Ireland at the Polls*. In other chapters, Manning examines the Irish party system and describes the provisions for senatorial elections, and Farrell analyzes media coverage of the campaign.

Basil Chubb contributes two chapters to *Ireland at the Polls*, a brief political history of modern Ireland and a description of the operation of the electoral system with its single transferable vote arrangement. Chubb is a professor of political science at Trinity College, Dublin, author of a number of books on Irish government and politics, and a television commentator.

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The Irish electorate and attitudes and issues that affected the 1977 election outcome are discussed by Richard Sinnott, who lectures at University College, Dublin. Sinnott notes that "the 1977 election was clearly dominated by an economic issue, and the side which was seen as having an advantage on that issue won a resounding victory." He says that although the electorate did not necessarily have confidence that the Fianna Fail would reverse the trend of increasing unemployment and stop inflation, which had risen by 100 percent during the past five years, it felt a change was necessary.

Why did the Irish press fail to recognize there was an upset in the making?

According to Farrell, the press refused to believe the public opinion polls which clearly showed the strength of the Fianna Fail among the voters. Instead they tended to listen to senior government politicians who were skeptical of the polls.

"In conclusion one may say that, despite the size of the change which it registered, the 1977 election has left behind a fluid situation, not merely in terms of electoral support but also in terms of the shape of the parties themselves and the directions in which they will go," Sinnott writes.

"In this most recent general election, Fianna Fail's victory was built on a campaign and a manifesto that promised much to many; if Fianna Fail fails to deliver, and if the coalition maintains its solidarity, an attractive alternative policy package from Fine Gael and Labour in the next election could reverse the result," Farrell and Manning conclude.

"Twice, in 1932 and in 1957, Fianna Fail secured an electoral victory which led to an unbroken period of sixteen years in Government," they add. "Despite its surprisingly comprehensive success in 1977, there is no guarantee that it can repeat that record of sustained electoral success."

**PRINSLOO, DAAN**
*United States Foreign Policy and the Republic of South Africa*
Foreign Affairs Association, Pretoria, 1978

The United States and South Africa have for long been allies in situations of international conflict, spanning cooperation in

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the two world wars, the Berlin airlift and the Korean war. This was matched by relatively positive non-government interaction, particularly in the fields of trade and investment.

The rapidly changing world political structure following World War II coupled with the changing political order within South Africa after the rise to power in 1948 of the National Party, gradually led to the increasing isolation of South Africa. The crux of South Africa's dilemma ever since has been the growing extent of international opposition, through conviction or expediency, to the country's domestic racial policies. In its relations with South Africa, U.S. policy started changing toward South Africa, reaching a stage under the Carter Administration where the two countries seem to be on a collision course.

The purpose of this book is to analyze the relationship between the two countries within the framework of U.S. foreign policy, in an attempt to clarify the main aspects of the current state of affairs in this bilateral relationship. The contents are divided into three parts:

Part One is a brief overview of U.S. foreign policy in general, U.S. policy towards Africa, and the basic premises of the Carter foreign policy.

Part Two traces the outlines of the history of relations between the two countries, mainly between 1945 and 1976.

Part Three focuses on the interaction between the two countries during the first fifteen months of the Carter Administration.

**MANN, E. THOMAS**
*Unsafe at Any Margin: Interpreting Congressional Elections*
American Enterprise Institute, Washington D.C., 120pp., $3.25

*Unsafe at Any Margin: Interpreting Congressional Elections*, shows what the public knows about congressional candidates and what factors – party, incumbency, presidential popularity, or the public's view of the candidates – are most important for the vote.

Mann concludes that increasingly U.S. congressmen are responsible for their own margins of victory or defeat and that the electoral constraints they face are defined largely in their

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individual districts. The diminishing electoral connection between congressmen and their party and President has serious implications for the ability of the Congress to do its legislative work.

**GRUBEL, G. HERBERT and MICHAEL A. WALKER** (eds.)
*Unemployment Insurance: Global Evidence of its Effects on Unemployment*
The Fraser Institute, Vancouver, 1978, 388pp., $12.95

This book contains thirteen papers which were originally presented at an International Conference held in Vancouver, Canada. The proceedings begin with a broad, non-technical examination by the two editors, G. Grubel of Simon Fraser University and Michael A. Walker of the Fraser Institute, of the relationship between "moral hazard," unemployment insurance and the rate of unemployment.

"While the existence of moral hazard has been recognized by the private insurance industry for a long time," say Grubel and Walker, "it has only recently been rediscovered as a potentially important problem also in public insurance schemes such as unemployment insurance." In view of the fact there does seem to be strong evidence that induced unemployment does exist as a result of unemployment insurance and other social welfare programs in Western countries, the editors suggest this "has important implications for the proper pursuit of macroeconomic stabilization policies and the execution of the welfare programs themselves."

In Parts I and II, the participating economists examine, empirically and theoretically, contemporary experience of national programs for dealing with unemployment in nine countries.

In Part III, to add an historical perspective, two papers examine British social insurance systems. The authors find confirmation of the hypothesis that the liberalization of unemployment benefits leads to increases in measured unemployment and that cross-country differences in unemployment compensation schemes cause cross-country differences in unemployment rates.

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The book contains, as an Appendix, the Grubel-Maki model of how the introduction of unemployment insurance influences the choice between work and leisure of an average worker – the so-called "Work-Leisure Frontier"; this model served as the prototype for most of the studies in the book.

In addition to the delivered papers, the book contains provocative discussions by an international roster of economists who commented on the formal proceedings.

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